FINANCIAL TIMES

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U.S.: the power of Shultz and Clark, Page 9

NEWS SUMMARY

GENERAL

French combat aircraft in Chad

France sent fighter aircraft to Chad yesterday in a fresh attempt to dissuade further advances by Libyan-backed rebels in the central African country.

The 11 planes are the first France has sent to Chad since fighting broke out at the end of June. The six Jaguar fighter bombers, four Mirages and one refuelling aircraft flew to the Chad capital of N'Djamena to assure air cover for about 1,000 French troops dug into strategic positions in the south of the country.

France maintains that its military response in Chad is designed to keep the door open for peace talks involving all the rival factions in the country and its neighbours. **Page 10**

Pakistan warning

The Pakistan Cabinet warned of severe action against people indulging in anti-government agitation, which the opposition parties launched on August 14.

Multi-racial launch

A multi-racial crowd of about 10,000 launched the United Democratic Front in Cape Town at the weekend, the largest anti-apartheid movement in South Africa since the 1950s. **Page 2**

UK unions' role

British Employment Secretary, Norman Tebbit, says he is prepared to grant trades unions a significant role in national negotiations on employment issues, including industrial relations legislation. **Page 4**

Polish banning

Poland's rulers have banned the country's writers union and in Moscow the head of the Communist Party's international relations department accused the Polish Catholic Church of being counter-revolutionary. **Page 2**

Spying charges

One Romanian and two Soviet diplomats have been expelled from Belgium accused of buying documents from a Belgian spy. More expulsions are possible. **Page 2**

Kohl's Arabian trip

West German Chancellor Helmut Kohl will visit Saudi Arabia in October, his first trip to an Arab state since he came to power.

Angina drug curbs

Merrell Pharmaceuticals of the UK has agreed to advise limited use of its angina drug Pexid after adverse reactions from some patients.

Cairo deaths

At least seven people died and 10 were injured when a seven-storey building collapsed in Cairo at the weekend.

Space call

Soviet Foreign Minister Andrei Gromyko has asked the United Nations General Assembly to consider a new Soviet proposal for an international treaty barring weapons from outer space, Tass reported.

Price prediction

Inflation will start to rise again in the U.S. before the end of this year, but should not reach the double figures of the 1970s, according to the country's economists.

Briefly . . .

Argentina's 1980 Nobel Peace Prize winner Adolfo Perez Esquivel was refused entry to Uruguay.

Chile published the names of more than 1,000 exiles who will be allowed to return home.

Hurricane Alicia death toll in Texas reached 12.

Imprisoned Italian terrorist Giulia Borelli gave birth to twins.

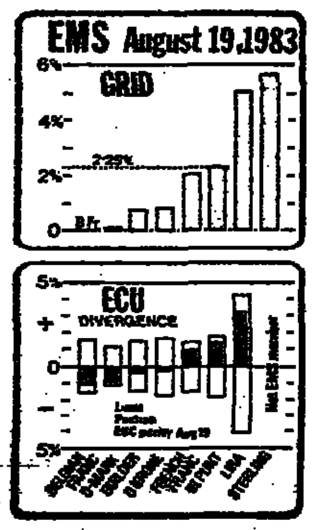
BUSINESS

Thorn in computer parts deal with IBM

● **THORN EMI**, UK electronics group, is to make key components of European version of IBM's very successful personal computer. **Page 10**

● **THE EEC** should commit $540m in the period to the end of 1987 to projects aimed at improving road, rail and water transport, according to the European Commission. **Page 2**

● **CURRENCIES** traded quietly within the European Monetary System last week. Attention remained focused on the U.S. dollar with the latter slipping back from its recent record levels. The D-Mark benefited most from the dollar's weaker trend, helped by movements out of Swiss francs and Japanese yen into the German currency. However the D-Mark remained at the lower end of the EMS, just above the weakest currency, the Belgian franc. Despite its firmer trend, the D-Mark's improvement did not cause any strains within the system. All members remained comfortably within their respective divergence limits. The Italian lira was again the strongest currency, helped by its wider divergence allowance. The Irish punt was placed second.



The chart shows the two constraints on European Monetary System exchange rates. The upper grid, based on the weakest currency in the system, defines the cross rates from which no currency (except the lira) may move more than 2¼ per cent. The lower chart gives each currency's divergence from its "central rate" against the European Currency Unit (ECU), itself a basket of European currencies.

● **INDIAN** Prime Minister Indira Gandhi said India would establish a high-technology town to lure back Indian scientists working abroad.

● **BRITAIN's** Trades Union Congress is facing a deficit next year of about £350,000 ($525,000). **Page 4**

● **ISTITUTO** per la Ricostruzione Industriale, the debt-ridden Italian public-sector conglomerate, is likely to register record losses this year of more than L3,000bn ($1.9bn). **Page 12**

● ***HUNGARY's*** proposed $200m loan from commercial banks has been fully underwritten and goes out to general syndication today. **Page 10**

● **DOME PETROLEUM**, the Canadian-based company, reported a loss of C$78.8m ($63.7m) for the first half of this year. **Page 12**

● **GOLD BULLION**, possibly worth more than $1.5m, has been seized as part of an investigation into gold smuggling, British Customs and Excise officials confirmed. **Page 4**

● **JAPANESE** cars have completely replaced British ones in New Zealand's main vehicle assembly plants. ***Page 3***

● **BANK OF ENGLAND's** list of recognised banks has been amended to delete the Muslim Commercial Bank Limited, which now becomes a *licensed* deposit-taker. The list of deposit takers also now includes FennoScandia Limited.

Opposition leader Aquino shot dead on return to Manila

BY EMILIA TAGAZA IN MANILA AND CHRIS SHERWELL IN SINGAPORE

SENATOR BENIGNO AQUINO, the Philippines' opposition leader, who had said he would risk assassination to return to his homeland, was shot dead yesterday, minutes after he arrived in Manila from self-imposed exile in the U.S.

President Ferdinand Marcos, in a statement broadcast after several hours of confusion, strongly condemned the killing and ordered an investigation. Angry opposition figures demanded a full accounting over the affair.

Mr Aquino's death, said by officials to be at the hands of a "lone" assassin on the Manila airport tarmac, is a serious embarrassment for the Government, which had said Mr Aquino would be stopped if he tried to return home and had previously warned that police had uncovered plots to kill him.

The assassination is also likely to raise concern in the U.S., President Marcos's closest ally. Washington has tried to encourage a more democratic climate in the Philippines, although President Ronald Reagan, who is due to visit Manila in November, has been less critical of the regime's human rights record than Jimmy Carter, his predecessor.

Senator Aquino had been an active politician since the 1960s and enjoyed wide support in the Philippines. He had come to symbolise opposition to President Marcos, even though it is unclear whether he could have united it.

As the Government also faces secessionist movements in the south and serious financial problems which led to a devaluation of the peso in June, yesterday's incident could also reinforce the worries of bankers and investors.

President Marcos insisted in his statement that his Government had a "clear conscience" over the assassination. According to eyewitnesses, armed Filipino security men who stepped onto the aircraft were escorting the opposition leader on to the tarmac when the incident occurred.

Several shots rang out and the assassin, said to be in workman's overalls, was himself shot and left on the ground. Mr Aquino was promptly rushed to hospital, where he was pronounced dead from a single shot in the back of the head.

Shock and confusion immediately spread among the large crowd, estimated at tens of thousands, which had gathered for Mr Aquino's arrival and was waving yellow ribbons to welcome him. Last night, more crowds gathered outside his house in Quezon City, near Manila.

For the divided political opposition, preparing for National Assembly elections due next year, Mr Aquino's return offered a chance of unity and of a counter to President Marcos, after his 17 years in power. The next presidential elections are scheduled for 1987.

Mr Aquino, who was 50 and popularly known as "Ninoy," was once considered a possible successor to 65-year-old President Marcos, whose second term in office would have ended in 1973 had he not imposed martial law the previous year.

The Senator, a flamboyant and articulate leader, was arrested in a mass detention of opposition figures at the beginning of martial law and sentenced to death by firing squad in 1977 after being found guilty by a military court on charges of subversion, possession of firearms and murder.

After allowing the case to be reheard, President Marcos let Mr Aquino go to the U.S. for essential heart bypass surgery. Mr Aquino stayed on for three years, meeting other Filipino opposition leaders and, according to Manila, continuing subversive activities against the Marcos Government.

When Mr Aquino let it be known that he intended to return home to organise the country's opposition, the Marcos Government not only warned of plots to kill him but denied him travel documents and threatened to revoke landing rights for any foreign airline bringing him back.

Last night, China Airlines, the

Continued on Page 10

Brazil's repayments to governments halted pending loan accord

BY ALAN FRIEDMAN IN LONDON, ANDREW WHITLEY IN RIO DE JANEIRO AND DAVID MARSH IN PARIS

Brazil has suspended payments on an estimated $7bn to $8bn of outstanding government-to-government debt, pending the outcome of its negotiations with the Paris Club of Western creditor nations on the rescheduling of 1983 and 1984 maturities.

The Brazilian authorities are hoping to reschedule about $550m of government-to-government payments which are still due this year and between $1.2bn and $1.3bn of debt which matures in 1984.

Sr Antonio Delfim Netto, Brazil's Planning Minister, told Brazilian journalists on Friday that the suspension of payments is a "customary practice" while talks with the Paris Club proceed.

Sr Delfim has been in France holding discussions with M Jacques de Larosiere, managing director of the International Monetary Fund (IMF). The talks, which began last week, are understood to have continued over the weekend.

One senior banker involved in the rescue operation for Brazil said last night the suspension of payments on government-to-government debt was "a perfectly standard practice for a country which makes application to the Paris Club for rescheduling." Another banker said he thought the Paris Club nations, which meet informally, would be "generous" with Brazil's 1983–84 rescheduling request.

It is understood that Brazil hopes to reschedule its government-to-government debt over eight years, starting in 1985 and with an initial two-to-three-year grace period. This would match the planned rescheduling of commercial bank debt falling due next year.

A preliminary meeting of the Paris Club to discuss the Brazilian application is expected in the next few weeks. Diplomatic sources say, however, it is unlikely to reach a conclusion before late October, after the formal approval of the IMF of the revised Brazilian economic adjustment programme.

Among the issues still being discussed with the IMF are Brazil's projected fiscal deficit for next year and its domestic credit expansion.

Bankers are now cautiously hopeful, however, that the IMF may soon indicate its satisfaction that sufficient progress is being made to enable the release of the remaining tranche of Brazil's $4.4bn commercial bank loan – this would result in a net disbursement of about $500m.

Arrears on commercial debt have reached $2bn, a senior Brazilian central bank official said last week. This official did not see any prospect of arrears being reduced before next year without a fresh loan from the banking community.

Western bankers estimate that the average delay in making interest payments has reached 53 days, near the 60-day limit which would require U.S. banks to call Brazil into default. This severe cash flow squeeze is one of the key reasons why M de Larosiere interrupted a motoring holiday in Umbria to meet Sr Delfim Netto

Arrears touch $2bn, Page 11

Latin America faces further economic decline in 1983

BY WILLIAM HALL IN NEW YORK

LATIN AMERICA faces a third year of falling living standards and rising unemployment which is bound to increase social and political tensions, according to the annual report of the Inter-American Development Bank published today.

The IADB estimates that Latin American debt at the end of last year amounted to about $300bn and senior economists at the bank argue privately that the economic adjustment programmes so far agreed by several major debtor countries are too harsh and will have to be eased if serious unrest is to be avoided.

The clearest sign of the squeeze that is affecting the region is the fact that, for the first time since reliable records began to be kept in the late 1940s, overall gross domestic product fell 1.2 per cent. Traditionally the area's GDP has expanded by at least 4 per cent, a rate of growth which has at least partially eased tensions caused by population growth and rapid urbanisation.

After adjusting for population growth of 2.5 per cent a year the region's stagnation becomes even more pronounced. Gross domestic product per capita fell 3.4 per cent in 1982. This follows a 1 per cent drop in 1981, and compares with an average growth rate of 3 per cent plus in the previous decade and a half.

The IADB believes while there may be a marginal growth of say 1 per cent in the overall GDP of the region in 1983, per capita there will be a further fall of 1 per cent and this is leading to more unrest among a labour force which is growing at 3 per cent per annum.

Latin America – Growth of population and decline in per capita incomes, 1982

	Population M.	Growth %	GDP per capita $	Growth %
Brazil	124.6	2.5	1,542	– 2.4
Mexico	73.8	2.8	1,910	– 2.7
Argentina	28.5	1.5	1,666	– 7.1
Colombia	27.2	2.1	922	– 0.3
Peru	17.4	2.1	1,104	– 1.4
Venezuela	14.7	2.7	2,538	– 2.0
Chile	11.3	1.6	1,437	–15.4
Ecuador	8.5	3.0	1,043	– 1.0
Guatemala	7.4	2.9	1,111	– 6.2
Bolivia	5.9	2.7	486	–11.6
Latin America	357.9	2.4	1,503	– 3.4

Source: Inter-American Development Bank, annual report on economic and social progress 1983

The report notes that rising unemployment and its negative impact on income distribution "foreshadows an escalation in social and political tensions, which makes it necessary for the governments to more equitably distribute the cost of the adjustment of the economies during the present recession."

Senior economists in the IADB argue privately that the initial economic adjustment programmes which several Latin American countries are undertaking – at the behest of their foreign bankers and the International Monetary Fund – are too harsh, and conditions will have to be eased if social and political unrest is to be avoided.

The IADB annual report, which is published today emphasises the tremendous social and economic strains the region is undergoing as it adjusts to its worst recession in recent memory. It holds out little hope that the region will soon return to its normal long term growth rate of round 4.5 per cent per annum.

The rise in living standards which has taken place since 1979 has been wiped out, says the IADB, and the decline in per capita incomes has been dramatic in several cases.

The standard of living, on a per capita measure, of Argentina, Bolivia, Costa Rica, Chile, El Salvador, Guyana and Uruguay is now more than 10 per cent below what it was in 1980, and in the case of Brazil, Barbados, Guatemala and Honduras, it is between 5 and 10 per cent lower than in 1980.

The recession in Latin America has led to a sharp rise in unemployment. According to the IADB, some 30 per cent or 38m workers out of a workforce of 120m, are currently

Continued on Page 10

Spot gold trading tried out in Tokyo

By Robert Cottrell in Hong Kong

N. M. ROTHSCHILD, the British merchant bank and bullion dealer, is exploring the possibility of developing a major international spot gold market in Tokyo in collaboration with four Japanese metals companies.

The companies have established a pilot scheme, running from July to the end of October, to test the attractiveness of yen denominated spot gold trading for Tokyo settlement with prices determined by local supply and demand.

International bullion dealers traditionally have quoted Japanese traders prices based on the London gold market, with an appropriate mark-up for physically transporting gold to and from Japan.

Gold trading within Japan often, however, sees the local price moving to a premium or a discount against prices prevailing in the London market. The backers of the new scheme believe the time may be ripe for a Tokyo-based market which could prove more flexible and more economical for Far Eastern buyers and sellers of gold.

Tokyo's potential as a gold trading centre has increased markedly since 1978, when Japanese private investors were legally permitted to hold gold. While Japan has been relatively quiet in the international gold market in 1982–83, in 1981 it imported more than 160 tons of

Continued on Page 10

Bullion seized in UK, Page 4

U.S. lifts curb on pipelayer sales to Moscow

BY DAVID BUCHAN, EAST EUROPE CORRESPONDENT, IN LONDON AND NANCY DUNNE IN WASHINGTON

THE U.S. has ended an export licensing requirement for the sale of pipelaying tractors to the Soviet Union, opening the way for Caterpillar, the big U.S. producer to take on its main rival, Komatsu of Japan, for the lucrative Soviet market.

The move, announced by the U.S. Commerce Department at the weekend, is also a signal to its allies that Washington is not trying to mount too broad a Western embargo on energy equipment for Moscow.

The U.S. "remains committed," however, to winning allied endorsement of new controls on oil and gas "high technology" sales to the Soviet Union, the department statement said.

President Jimmy Carter first added pipelayers to the list of sensitive items which require a "validated" licence for sale to the Soviet bloc, in response to Soviet dissident trials in 1978. The Reagan Administration maintained this requirement during the controversial bid to stop Western involvement in the Siberian gas pipeline, and no "validated" licences for pipelayers were issued between December 1981 and November 1982.

Last January Caterpillar, the only U.S. company affected, finally got a licence to ship 200 pipelayers worth $90m to the Soviet Union. But Moscow then told Caterpillar that they would not buy the tractors until they were taken off the special licence list so that the Soviet Union could be assured that the U.S. was a reliable supplier once again.

Caterpillar's request for its product to be decontrolled prompted a bitter dispute inside the Administration in recent weeks, with Mr Caspar Weinberger, the Defence Secretary, urging continued licensing, and Mr George Shultz, the Secretary of State and Mr Malcolm Baldrige, the Commerce Secretary, pressing for decontrol. The latter group, which eventually won the day, had the support of Senator Charles Percy, the Senate Foreign Relations committee chairman in whose home state of Illinois Caterpillar is located.

A spokesman for Caterpillar yesterday welcomed the new move, saying that under previous policy "the Soviets have not been denied anything and those who have been hurt have been U.S. companies and workers."

But the US company which needs the Soviet business to help offset recent losses, faces an uphill struggle. Before 1978, Caterpillar held 85 per cent of the Soviet pipelayer market and Komatsu 15 per cent. Since then the position has been exactly reversed, as Komatsu, free of any controls, expanded production capacity at home and sales in the Soviet Union. In March this year it won a Soviet order for 500 pipelayers worth $210m. Where it can, the Soviet Union has generally been preferring sources of supply other than the U.S., though it has signed a new long-term grain agreement with the U.S.

CONTENTS

International	2	Financial futures	22
Companies	12	Intl. Capital Markets	11, 12
World Trade	3	Letters	9
Britain	4	Lex	10
Companies	13	Lombard	9
		Management	6
		Men and Matters	8
		Money Markets	22
Appointments	12	Property	18
Arts – Reviews	7	Stock Markets – Bourses	16
– World Guide	7	– Wall Street	14–16
Construction	3	– London	20, 21
Currencies	22	Technology	5
Editorial comment	8	Unit trusts	18, 19
Eurobonds	11, 12	Weather	10

South Africa: an opposition coalition is formed 2

Technology: the application of genetic tools 5

Management: how Japan is exporting problems 6

Editorial comment: Turkey; UK union relations 8

British engineering: a survival kit 8

United States: the power of two men 9

Lombard: How the 'cost of living' can mislead 9

Lex: putting a price on company earnings 10

OVERSEAS NEWS

New bid to break Namibia deadlock

BY J. D F. JONES IN JOHANNESBURG

UN Secretary-General Sr Perez de Cuellar arrived in South Africa today in yet another diplomatic bid to break the deadlock over the future of Namibia (South West Africa).

Few observers here are hopeful he can succeed where the long-running efforts of the Contact Group of five Western nations have so far failed.

Sr Perez de Cuellar has a mandate from the U.N. Security Council to consult with "the parties to the proposed ceasefire"—the South-West African Peoples Organisation (Swapo) and the South African Government. He has to report back by August 31. He will hold talks with Ministers in Cape Town, then, on Thursday will fly to Windhoek and on to Luanda.

The visit coincides with a deterioration in the regional security situation. There have recently been reports of a dramatic escalation in the fighting in southern Angola between Government troops and Unita, the rebel movement which is thought to enjoy covert South African support. The South African Defence Force has denied reports that it is engaged in a strike deep into Angola.

The Government in Luanda has confirmed that Unita has captured the town of Cangamba, one of the last remaining Government outposts in the south-east. The Secretary General and his party will not go near the war zone.

Sr Perez de Cuellar is likely to discover that the fundamental obstacle to a Namibian settlement continues to be the insistence of South Africa that a ceasefire in the border war and the start-up of a seven-month programme leading to elections must be linked to the withdrawal of the 20-30,000 Cubans who are presently in Angola. Critics of the South African position insist that Cuban withdrawal is a separate matter, the sovereign concern of Angola alone.

Although the Secretary-General is technically not authorised to stray into the Cuban issue, it is thought here that the Cuban presence is bound to figure in the Cape Town talks. The South African Foreign Minister, Mr Pik Botha, has welcomed the visit—the first by a UN Secretary-General to the republic for 11 years—as "useful."

Meanwhile Sr Perez de Cuellar will also find that the "internal parties" inside Namibia are in even greater disarray than usual. The Administrator - General has promulgated a new State Council but it has not been implemented yet because it has attracted so little support from Windhoek's myriad parties. Some of these parties have recently resumed their own search for a degree of unity.

A NEW coalition grouping which aims to bring together hundreds of local as well as national organisations—the United Democratic Front—was launched in Cape Town at the weekend in opposition to the South African Government's proposals for a new constitution, our Johannesburg Correspondent writes.

The Front elected three well known radical figures as presidents—Mr Oscar Mpetha, Mrs Albertina Sisulu, and Mr Archie Gumede—and 14 "patrons" including the jailed African National Congress leader, Mr Nelson Mandela, and other banned or imprisoned figures.

It remains to be seen whether the UDF will be able to bring together all the extra-parliamentary opponents of the government. A number of significant organisations, including the Azanian People's Organisation (Azapo), have so far kept their distance.

Belgium acts against economic espionage

BY PAUL CHEESERIGHT IN BRUSSELS

BELGIUM has joined the growing number of Western countries acting against economic espionage by expelling an unspecified number of diplomats.

A senior official of the Belgian Ministry of Foreign Affairs is under arrest.

Mr Leo Tindemans, the Foreign Minister, this weekend confirmed the existence of a case of economic espionage, but he refused to specify what countries the expelled diplomats came from or how many there are of them, citing the need to avoid "diplomatic complications."

Despite denials from the Soviet Embassy, it is believed in Brussels that two Soviet officials and one Romanian have been told to leave the country. Two other diplomats have also apparently been told to leave.

Brussels is a natural magnet for East Bloc economic intelligence operations as the headquarters both of the EEC and Nato.

The arrested official had at one stage charge of an office in the Foreign Ministry dealing with the coordination of European affairs. This involved not only the EEC but also relations with Comecon, the East Bloc trading pact.

He is Mr Eugene Michiels, aged 60, who joined the Ministry in 1959 and became a director in 1971. The rank of director is in the most senior of the four grades which divide Belgian civil service employment.

Mr Michiels is alleged to have passed information to a foreign power and it is believed the Public Prosecutor is now examining his case. Mr Tindemans classified this as "an affair of money."

The Belgian Government is remaining tight-lipped about the twin aspects of the economic espionage.

EEC plan for transport

BY OUR BRUSSELS CORRESPONDENT

THE EEC should commit $540m in the period to the end of 1987 to projects aimed at improving road, rail and water transport, according to the European Commission.

If these new proposals are accepted by EEC ministers, it would be a notable boost to attempts to produce a common EEC transport policy. But as the member states bring the total EEC budget under close scrutiny, the idea of new spending may not be immediately attractive.

The Commission, in its draft regulation, has been careful to mention a geographically wide range of projects suitable for EEC support, from which a selection could be made in the 1984 financial year.

Syria repeats withdrawal warning

BY MICHAEL FIELD

SYRIA's state-owned newspapers yesterday repeated their Government's warning that President Amin Gemayel of Lebanon must disown the Lebanese-Israeli withdrawal agreement if he is to have any chance of a reconciliation with opposition groups in his own country.

Virtually all of the Syrian papers echoed the theme of an editorial in Tishreen, which stated: "It is still not too late for the Lebanese Government to cancel the agreement

In Lebanon itself President Gemayel tried to heal some of the rifts that have developed between his Government and Muslim and Leftist opposition groups in the country. He despatched three Cabinet Ministers to Syrian-controlled northern Lebanon where they met leaders of the National Salvation Front, a grouping of opposition forces, to discuss the possibility of a reconciliation conference.

The recent burst of diplomatic activity in Lebanon has been prompted mainly by the imminence of a unilateral but partial withdrawal of Israeli forces from the Chouf mountains of central Lebanon to a more secure line along the Awali river.

It is felt in Lebanon that the withdrawal will bring about the partition of the country and probably the de facto abandonment of the agreement for a total Israeli withdrawal worked out under U.S. auspices in the spring.

Authorities to dissolve Writers' Union

By Our Warsaw Correspondent

THE POLISH authorities took action over the weekend to dissolve the Writers' Union, last of the independent professional guilds that flourished in the Solidarity era, and to tighten security in Gdansk in the run-up to the August 31 anniversary of the Solidarity agreements signed there.

These moves, the first to indicate a tough line after the abolition of martial law a month ago, coincided with a warning by a senior member of the Soviet leadership that the Pope's visit had strengthened Polish Church opposition to the Communist state.

Mr Leonid Zamyatin, head of the Central Committee's international department, said on Soviet television, "after the arrival of the Pope, some certain, shall we say aggressive, circles of the Polish Church have become significantly more active."

Mr Andrej Braun, deputy president of the ZLP writers' union, immediately said the dissolution order would be appealed.

'Turkey democracy pledge fails'

THE FOUNDER of Turkey's Social Democratic Party, banned on Friday from participating in the November general elections, has attacked the country's leaders for failing to keep their promise to restore democracy.

Professor Erdal Inonu, son of Turkey's second president and a political moderate, said over the weekend that healthy democracy would not now be restored in Turkey on the date expected. He confirmed that his Social Democratic Party was barred from the poll, which means that only three parties, two of which enjoy open army backing, will contest it.

Professor Inonu's remarks, which were not printed in Turkey's Sunday newspapers, are a calculated challenge to the regime's military rulers. A military prosecutor in Ankara summoned the professor to question him about his words in a move which is likely to be the prelude to a formal prosecution.

There is general agreement here that by vetoing the Social Democratic Party, which was only two members short from the number required to enter the election, the military have signalled their determination to remain at the helm.

APPOINTMENTS

BASE LENDING RATES

A.B.N. Bank	9½%	■ Hambros Bank	9½%
Al Baraka International	9½%	Heritable & Gen. Trust	9½%
Allied Irish Bank	9½%	■ Hill Samuel §	9½%
Amro Bank	9½%	C. Hoare & Co. †	9½%
Henry Ansbacher	9½%	Hongkong & Shanghai	9½%
Arbuthnot Latham	9½%	Kingsnorth Trust Ltd.	11 %
Armco Trust Ltd.	9½%	Knowsley & Co. Ltd.	10 %
Associates Cap. Corp.	9½%	Lloyds Bank	9½%
Banco de Bilbao	9½%	Mallinhall Limited	9½%
Bank Hapoalim BM	9½%	Edward Manson & Co.	10½%
BCCI	9½%	Midland Bank	9½%
Bank of Ireland	9½%	■ Morgan Grenfell	9½%
Bank Leumi (UK) plc	9½%	National Bk. of Kuwait	9½%
Bank of Cyprus	9½%	National Girobank	9½%
Bank of Scotland Ω	9½%	National Westminster	9½%
Banque Belge Ltd.	9½%	Norwich Gen. Tst.	9½%
Banque du Rhone	10½%	P. S. Refson & Co.	9½%
Barclays Bank	9½%	Roxburghe Guarantee	10 %
Beneficial Trust Ltd.	10½%	Royal Trust Co. Canada	9½%
Bremar Holdings Ltd.	9½%	Standard Chartered ‖	9½%
Brit. Bank of Mid. East	9½%	Trade Dev. Bank	9½%
■ Brown Shipley	10 %	TCB	9½%
CL Bank Nederland	9½%	Trustee Savings Bank	9½%
Canada Perm't Trust	10½%	United Bank of Kuwait	9½%
Castle Court Trust Ltd.	10 %	United Mizrahi Bank	9½%
Cayzer Ltd.	9½%	Volkskas Intnl. Ltd.	9½%
Cedar Holdings	10 %	Westpac Banking Corp.	9½%
■ Charterhouse Japhet	9½%	Whiteaway Laidlaw	10 %
Choulartons	10½%	Williams & Glyn's	9½%
Citibank Savings ¶	10½%	Wintrust Secs. Ltd.	9½%
Clydesdale Bank	9½%	Yorkshire Bank	9½%
C. E. Coates	10 %		
Comm. Bk. of N. East	9½%		
Consolidated Credits	9½%		
Co-operative Bank *	9½%		
The Cyprus Popular Bk.	9½%		
Duncan Lawrie	9½%		
E. T. Trust	10 %		
Exeter Trust Ltd.	10½%		
First Nat. Fin. Corp.	11½%		
First Nat. Secs. Ltd.	11½%		
Robert Fraser	10 %		
Grindlays Bank ‡	9½%		
■ Guinness Mahon	9½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 6%, 1-month 6.25%. Short-term £8,000/12-months 8.6%.
† 7-day deposits on sums of: under £10,000 6%, £10,000 up to £50,000 7%, £50,000 and over 8%.
‡ Call deposits £1,000 and over 6%.
‖ 21-day deposits over £7,000 7%.
§ Demand deposits 6%.
¶ Mortgage base rate.
Ω Money Market Cheque Account= 9.25%. Effective annual rate= 9.65%.

UK satisfied with safeguards on heavy water for Argentina

BY DAVID FISHLOCK, SCIENCE EDITOR

THE British Government is satisfied with the safeguards placed on the sale to Argentina of 143 tons of heavy water, a nuclear material which can be used both in power plants and in the manufacture of nuclear weapons, even though Buenos Aires has refused to sign the Non-Proliferation Treaty forswearing nuclear weapons.

The heavy water, worth $100m (£66m) was made in the U.S. but is owned by West Germany. Until recently, an option to buy it was held by the British Central Electricity Generating Board.

The U.S. Government has a veto on the transfer of the heavy water to countries which refuse to accept international nuclear safeguards, but approved the sale to Argentina early this month. The deal is under bilateral safeguards between West Germany and Argentina, which the U.S. Government believes will discourage Argentina from diverting it into a nuclear weapons programme. U.S. officials say that President Ronald Reagan has received personal assurances that the heavy water will not be misused.

Britain's involvement came about because, in the mid-1970s, when government policy was to build a series of heavy water reactors, the CEGB took an option to buy 100 tonnes of heavy water, then in a German research reactor. The reactor was scheduled to be decommissioned by the time the CEGB expected to need it.

Britain abandoned its plans for heavy water reactors in the late 1970s but the CEGB retained its option until early last year when it was asked to relinquish it. British Ministers agreed that the CEGB should relinquish the option but formal approval was delayed by the Falkland Islands conflict between Britain and Argentina.

Since the German reactor, at Karlsruhe, is now to be dismantled, the options for Britain were either to approve the sale or to take up the option itself, which would require construction of a special store for a material for which Britain had no use in such quantities in the foreseeable future.

The Foreign Office said it was satisfied with the safeguards terms signed by the U.S., West Germany and Argentina, despite the fact that the recipient is not a signatory of the NPT.

Argentina requires the heavy water as the moderator in a new nuclear power plant under construction with West German help.

Brazilian company wins £58m Congo road order

BY ANDREW WHITLEY IN RIO DE JANEIRO

A LEADING Brazilian civil construction company has won a $87m (£58m) contract to construct a 134km highway in the north of Congo (Brazzaville). Construtora Andrade Gutierrez, one of a number of Brazilian engineering and construction companies which have been winning an increasing share of major infrastructure contracts in the developing world, concluded the agreement with the Congolese Ministry of Public Works late last week.

The contract calls for the construction over the next four years of the highway between the towns of Epena, Impfondo and Dongu, in the north of the county. It involves clearing 9m sq metres of jungle along the route.

Export finance, representing 70 per cent of the total cost of the project, will be provided by the state-owned Banco do Brasil. The remaining finance is likely to be raised commercially.

Andrade Gutierrez, like the other leading Brazilian contractors, Camargo Correa and Mendes Junior, has been suffering recently from the sharp cuts in Brazilian development projects and prolonged delays in obtaining Government payments on work already completed.

India in bid to balance trade with Moscow

By D. P. Kumar in New Delhi

INDIA IS to send its Commerce Minister, Mr Vishwanath Pratap Singh, to the Soviet Union, for talks on correcting the imbalance in Indo-Soviet trade. Moscow is unwilling to buy more goods from India until India's 1982 trade surplus of Rs 1.8bn (£118m) is reduced.

Mr Singh said he would visit the Soviet Union shortly to identify goods which India could purchase to rectify the trade balance. Delhi has recently instructed import agencies to buy more Russian goods and not worry about the cost.

India has recorded a surplus with its largest trading partner in eight out of the last 10 years. Trade increased more than fivefold between 1971 and 1981—from Rs 5bn to Rs 26bn.

In 1982 when the surplus reached Rs 1.8bn the Soviet Union froze or cancelled some shipments from India. This year the surplus is expected to rise to Rs 3bn, prompting further distress in Moscow.

The Soviet Union wants India to buy more capital goods, machinery and equipment, while India would prefer to close the gap by importing more crude oil and petroleum products. India's Finance Minister, Mr Pranab Kumar Mukherjee, has said that this year India will buy Rs 2bn worth of crude and petroleum products.

Morocco coal search contract

RABAT. — The British company Oceaneering has signed a contract with the Moroccan Coal Board for further exploration of coalfields at Jerada, near the Algerian border.

The contract provides for the drilling of some 20 wells at a cost of about $5.5m (£3.69m) to be financed with a loan by Britain, the Moroccan news agency MAP said. Reuter

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Jurek Martin reports on new efforts to resolve import quotas with Washington

Tokyo plans to settle U.S. trade issues

JAPAN is likely to despatch Mr Sosuke Uno, the new Minister of International Trade and Industry, to Washington within the next six weeks to try to take some of the heat out of burning bilateral trade issues prior to President Ronald Reagan's visit early in November.

Mr Uno will probably go to the U.S. either before or after the next regular scheduled meeting of the Trade Ministers of Japan, the U.S., Canada, and the EEC, due to be held in Canada.

Trade friction between the two countries will come into sharper focus in the coming weeks, especially with the reconvening of the U.S. Congress next month. The Uno mission is the latest attempt by the Japanese to influence American public and governmental opinion.

Hardly a day seems to pass without some announcement of a mission to the U.S. or an invitation to prominent Americans to hear the Japanese trade case, specifically the two market opening packages already unveiled this year, at first hand in Japan.

Some display a sophisticated awareness of American trends. This week, for example, the Foreign Ministry announced it was bringing over three Americans to study industrial policy: one of them, Professor Robert Reich, of Harvard University, has recently published a book on the U.S. need for such a policy which is attracting considerable attention in Democratic Party circles.

Others are quite audacious. For example, Zenchu, the leading agricultural co-operative and widely presumed bastion of Japanese farm protectionism, has gone so far as to make a television commercial to be broadcast in the U.S. explaining why it feels Japan still needs to curb the import of foodstuffs.

Last week the president of Mitsui, the leading trading company, and the chairman of Daiei, the largest supermarket chain, explained the purpose of their import promotion mission to the U.S. next month (a parallel mission is going to Europe later in the autumn).

The Japanese Government will adopt a new package designed to help lessen trade frictions with the U.S. and the European Community after studying various Japanese economic indicators to be announced around mid-September, Economic Planning Agency (EPA) officials said, Reuter reports from Tokyo.

A set of important statistics and surveys, including Gross National Product for the April-June quarter and the Bank of Japan's quarterly survey on corporate performance, are expected to be announced by mid-September, they said.

The proposed package will include such domestic demand stimulation measures as a cut in interest rates, an income tax reduction, promotion of public works projects, and proposals to expand the domestic market for foreign agricultural products.

According to Mr Isao Nakauchi of Daiei, the U.S. needs to become more export-minded. "There are no non-tariff barriers," he said, "but what we have is misunderstanding" about the nature of the Japanese market.

He even discounted the strength of the dollar as a problem in selling U.S. consumer goods in Japan. More of an obstacle, he suggested, was the inflexibility inherent in the use of exclusive import agents in Japan.

On the governmental front, the two-way traffic is heavy enough to belie the summer lull. Last week the Deputy Secretary of the U.S. Treasury conferred with his Japanese counterpart on international economic and monetary issues, while teams from both sides have begun discussing ways of implementing Japan's pledge to make available to the U.S. military-related technology. This week in Washington the U.S. Defence Secretary and the head of the Japanese Defence Agency will discuss military spending.

Agricultural trade is also being taken up again next month at official level, while the annual meeting of the IMF and World Bank in Washington will provide plenty of opportunity for further informal exchanges. Even the venerable Mr Mike Mansfield, U.S. Ambassador to Japan, has cut short his American holiday to get back to the fray.

Whether all this activity will contribute towards the defusing of the tension derived from a $20bn-plus annual trade imbalance is an open question.

The Americans, obviously, are at present less interested in the "longer-term dialogue" of which Mr Nakauchi spoke so favourably than in concrete Japanese action such as continuing the voluntary curbs on car exports for a fourth year and buying more U.S. beef, oranges, tobacco, aircraft and electronic equipment but, Japan hopes, the increasingly close bilateral political relationship may help work to its advantage.

Japanese cars capture New Zealand market

BY DAI HAYWARD IN WELLINGTON

BRITISH CARS have now been completely replaced by Japanese models in New Zealand's major car assembly plants with the replacement of the British Cortina by the Japanese Telstar model at the Ford plant.

Only a handful of Rovers—less than 300 vehicles a year—remain of the once dominant British car industry in New Zealand.

Japanese cars have captured the New Zealand market despite a tariff advantage given to British models. They gradually became more attractive to New Zealand motorists because of their design, engineering and long-lasting qualities, helped by aggressive sales promotions.

The Japanese started assembling Datsun and Toyota models in New Zealand in the late 1960s but by 1971 they had only 7½ per cent of the New Zealand market. Within five years, this jumped to 39 per cent and by 1981 they had won a 72.6 per cent share of all new car sales in New Zealand.

The popular, high-selling Ford Cortina staged a rearguard action during the past few years, helping to peg sales of Japanese models to 76 per cent. But the switch from Cortina to the Japanese Telstar on the Ford assembly line means Japanese sales figures must again leap upward.

Of the three top assembly plants in New Zealand, Todd motors assembles the Mitsubishi Galant and the Lancer, the Sigma and the Mirage.

The New Zealand Motor Corporation began assembly of Honda models including the Civic and the Accord in 1976 and 1978.

The only non-Japanese cars now assembled in New Zealand in any numbers are Australian models, particularly the big Holdens.

Texas Air in £134m jet deal

TEXAS AIR, of the U.S., is buying 11 new McDonnell Douglas MD-80 twin-engined short-to-medium range jets, worth over $200m (£134m). Deliveries will be made in 1984 and 1985. McDonnell Douglas is also leasing two MD-80s to New York Air, a subsidiary of Texas Air.

SHIPPING REPORT

Dry cargo outlook brightens

BY OUR WORLD TRADE STAFF

THE DEPRESSED dry cargo market appeared to have slightly lifted last week with bulk carrier charterers showing interest in taking a variety of vessel sizes for one to two years with an optional third year.

Galbraith, however, cautioned that owners might try to hold out for better terms. Judging by recent fixtures concluded, the brokers say, it looks as if owners are not going to sacrifice onnage to charterers for extended periods.

Owners are also digging in their heels in the grain market, most active around the Lakes, and some charterers have reportedly withdrawn in the face of bullish demands for $21 topless. Atlantic iron ore rates were also marginally stronger with a rise in the number of quotes but not sufficient yet to pinpoint any trend.

World Economic Indicators

UNEMPLOYMENT

		July '83	June '83	May '83	July '82
UK	000s	3,020.6	2,983.9	3,049.4	2,852.5
	%	12.7	12.5	12.8	12.0
U.S.	000s	10,590.0	11,146.0	11,192.0	10,828.0
	%	9.5	10.0	10.1	9.8
		June '83	May '83	Apr. '83	June '82
W. Germany	000s	2,126.6	2,148.7	2,253.8	1,650.3
	%	7.9	8.0	8.4	6.1
France	000s	1,877.7	1,913.0	1,949.6	1,867.1
	%	8.2	8.4	8.5	8.2
Italy	000s	2,680.3	2,677.7	2,705.5	2,322.4
	%	11.9	11.8	12.0	11.9
Netherlands	000s	792.7	753.1	756.9	632.8
	%	14.2	13.5	13.5	11.3
Belgium	000s	545.1	545.5	555.6	490.0
	%	13.4	13.4	13.6	12.0
Japan	000s	1,522.0	1,580.0	1,580.0	1,400.0
	%	2.6	2.7	2.7	2.5

Source (except U.S., UK, Japan): Eurostat

BUILDING AND CIVIL ENGINEERING

TARMAC'S GROWTH PLANS

The great expectations of Eric Pountain

TARMAC, the international quarry products and civil engineering group whose recent financial performance has made a mockery of the construction recession, is not letting success go to its head.

That is the clear message to be read into last week's news that the group has spent another £23m on picking up domestic and overseas aggregate operations to inject into its thriving quarry products division.

In its last financial year, Tarmac turnover breached £1bn for the first time and profits rose 32 per cent to nearly £69m.

The group's impressive growth record, combined with its extremely successful but controversial takeover of the Hoveringham quarrying operation in late 1981, has made it *something of a City favourite.* As a result, pressure has been mounting for the Wolverhampton-based group to use its strong share price to buy the next phase of expansion.

In recent months, Tarmac's name has been associated with a string of potential takeover targets — London Brick and Marley among them—and expectations have been high that something big was brewing.

But while acquisitions may be on the list of Tarmac priorities, the "sensible and sound" purchases revealed over the last few days seem, for the time being at least, much more likely than any of the spectacular swoops which the City might like to envisage.

Expansion

In the first major expansion of its aggregate reserves since it paid £40m for Hoveringham, Tarmac has just paid nearly £10m for Charlton Sand and Ballast. It followed up the deal by annoucing the acquisition of Croxden, the UK's largest gravel operator, and of another aggregates group in Florida, where Tarmac has been busy expanding its ready-mix concrete operations.

The deals—together worth about £23m—may not sound very exciting but Tarmac says they make a great deal of sense and fit neatly into its current strategy.

According to Eric Pountain, the new executive chairman of Tarmac and the driving force behind the group's recent revitalisation: "We are not going to be pushed into big spending unless it fits comfortably into our structure. We have reached a stage in our development where great things are expected of us, but we are going to stick with the philosophy which has brought us this far."

Pountain is careful not to rule out the "big one," but emphasises that the recent policy of adding to the group's existing capabilities — rather than acquiring a completely new dimension to its operations—remains the objective.

"We want to be a £100m-profit company, and we will do it our way."—Eric Pountain, Tarmac's executive chairman

"I can't say we will never diversify in that way, but we will not do it just because we are looking strong. It is not our style to behave like that."

The theme is echoed by Graeme Odgers, a group managing director: "We have not gone ex-growth and have no intention of being forced into things which might turn out to be high-risk. Other people are happy to hand out advice but we are the ones with the responsibility and we will do nothing that goes against the grain."

The Tarmac team has engineered some significant changes to group structure while piling on the profits. Construction turnover, which not so long ago accounted for over half of group turnover, is now down to about 30 per cent. Profitability has also been transformed, with last year's £250m turnover producing pre-tax profits of £10m. Four years ago, a £300m construction turnover yielded about £1m in pre-tax earnings.

The group is keen to expand the building products operations, and is also anxious to increase its comparatively modest international operations, which now spreads to the Middle East, South America and North Africa. Housing, too, is pursuing a growth path and this year the group should build about 6,000 homes against under 4,000 three years ago.

Freedom

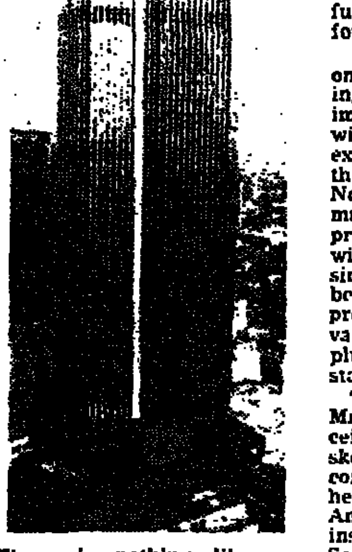
Tarmac believes one of its strengths is the amount of freedom given to its seven operating divisions. It believes the divisional executives are the men best placed to make the decisions and to set their own standards and budgetary performance.

Divisional operations are closely monitored from the centre, and, every month, a week is set by in which group and divisional executives put the business under the microscope. According to one participant: "The sessions are intensive and everyone comes out completely drained. But we come out knowing just where we stand."

Pountain says the formula works well and the results are plain for all to see. There is no suggestion, he emphasises, that the group is running out of steam: "There is plenty of mileage left. We want to be a £100m-profit company and will do it our way."

MICHAEL CASSELL

Vertical rush hours...



There is nothing like an architectural award to provoke an office building's inhabitants to cynical laughter. But I was pleasantly surprised to find none of the 2,500 workers at the 48-storey NatWest Tower disputed this month's commendation from the Royal Institute of British Architects.

Just one grouse: for many workers, the morning and evening rush for the lifts can add up to 25 mins to journey time from foyer to desk

IVO DAWNAY

... and banking looks up in Hong Kong

LOOKING LIKE a pillar box-red oil rig run aground in Hong Kong's central business district, the concrete-and-steel skeleton of the Hongkong and Shanghai Banking Corporation's new headquarters building is gradually drawing itself up to its full height of 41 storeys, due for occupation in mid-1985.

The bank claims it will be one of the world's finest buildings. Hong Kong is more impressed by the idea that it will certainly be one of the most expensive. One analyst claims the bank's ancestral home at No. 1, Queen's Road, Central, must be the only site in property-hungry Hong Kong with a negative net worth—since the amount of money being sunk into the building probably exceeds the resale value of the finished building plus the ground on which it stands.

The bank's British architect, *Mr Norman Foster,* has conceived a structure which, sketches suggest, will look when completed not unlike a central heating radiator stood on end. Amiens Cathedral would fit inside the main banking hall. Scarcely since Egypt's Pharaohs planned the Pyramids can there have been such a money-no-object construction brief.

How much the bank is actually spending on its startling edifice is a matter of some contention. For quite a long time, the bank itself apparently did not know. Back in 1981, when work got under way, the "shell" of the building was expected to cost HK$1.38bn (£124.5m).

That figure started to become a pious hope when a steel contract had to be expensively renegotiated, and by late 1982 it was apparent that the final cost of the building would be little short of mind-boggling.

In February this year, consulting engineers Pell Frischmann of London were hired to perform a HK$7m (£632,000) "technical audit" of the project. The report, delivered three months later, says — according to the Hong Kong bank—that the "basic building" will now cost HK$3.2bn (£288.7m) while "costs special to a banking operation" will add a further HK$1.8bn (£162.4m) to the bill. A Hong Kong financial newsletter, Target, says the costs may be higher still, and quotes the Pell Frischmann report as costing the basic building at HK$3.6bn (£324.8m) and extra fitting-out at HK$2.6bn (£234.6m).

Hong Kong Bank sources concede that Target seems to have a copy of the Pell Frischmann report, but say that the report offers a range of cost scenarios which would render figures meaningless if quoted out of context.

Whatever the final figure, it seems scarcely possible that the Hong Kong Bank headquarters could have cost more if the bank had pulped dollar bills into papier mache and used those as the principal construction material.

Assuming a bill of roughly HK$5bn (£451.2m), the amount is equivalent to HK$1,000 (£90) for every man, woman and child in Hong Kong; or what the Hong Kong Bank bid for the Royal Bank of Scotland in 1981; or Hong Kong's domestic exports to Canada and Australia combined in 1982; or half the Hong Kong Government's total annual yield from income and profits tax.

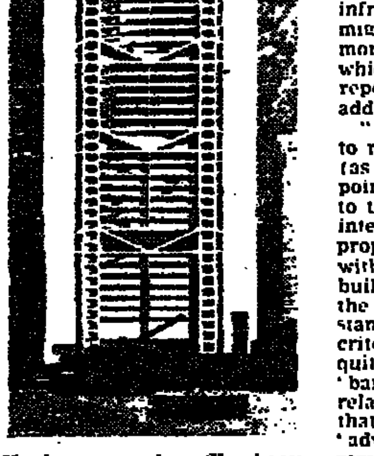
The Hong Kong Bank could never have imagined how large a cash drain its new headquarters would become: it has little choice now but to grit its teeth and talk of the quality of Mr Foster's design, and the bank's commitment to Hong Kong.

Nor does a figure for cash expenditure on the new building accurately reflect its true total cost to the bank. It omits relocation expenses, financing costs, and a valuation for the site itself, long since written-down in the bank's accounts.

In case the public relations fiasco of the new building needed compounding, the bank has coincidentally completed a new residence for its chairman, currently Mr Michael Sandberg. The house is called "Skyhigh," and its cost may not be dissimilar. Sitting atop Mount Gough on Hong Kong Island, commanding 360 degree views, Skyhigh is thought to have cost at least HK$30m (£2.7m)—again not including a notional value for what must be reckoned Hong Kong's premier residential site. While the bank headquarters grapples with technoflash modernism, Skyhigh's design retreats into Hollywood Spanish, towered and turreted, with viewing galleries.

As one of the world's most profitable financial institutions, the Hong Kong Bank can afford to pay premium prices for its infrastructure. Whether it might have spent its money more efficiently is a question which the Pell Frischmann report—as quoted by Target—addresses and ducks.

"Finally," the report is said to read, "it is necessary for us (as a professional team) to point out that the costs related to the development taken as an integral whole are out of all proportion to those obtaining with regard to a traditional building when taken against the background of the circumstances of "normal" financing criteria. We do realise ... the quite exceptional position the 'bank' can afford to take in relation to such matters and that our opinion in this area of 'advice' could well be non ad rem."



Honkers and Shankers: cheaper in pulped bills?

ROBERT COTTRELL

UK NEWS

Bullion seized in clampdown on smuggling

BY DAVID DODWELL

CUSTOMS AND EXCISE officials in London confirmed yesterday that gold bullion – perhaps worth more than £1m – had been seized as part of an *investigation into gold* smuggling.

A spokesman refused to confirm that $1m of gold bars had been seized from the premises of Charterhouse Japhet, the merchant banking arm of the Charterhouse group, as reported in a newspaper yesterday.

But he confirmed that seizures had been made from a number of premises in the City of London where banks have been innocent recipients of effectively contraband gold.

Concern over smuggling operations came to a head two weeks ago when London's leading bullion dealers halted their trading with the public.

Although this accounts for a small proportion of total bullion *dealing, it has led to some hardship* for gold coin dealers, and investors who hold gold coins.

Smuggling operations arise because gold dealers in the UK have to pay 15 per cent VAT on all purchases. Smugglers bring *gold* into the country without paying VAT, resell, charging VAT, and reap a huge profit.

The UK is attracting this smuggling activity because of the comparatively high rate of VAT charged: *Rates vary from country to* country throughout the European Community. In the Channel Islands and Luxembourg, for example, there is no tax, while in Belgium the rate is just 1 per cent.

Smuggling has emerged as a problem since April last year, when Sir *Geoffrey* Howe, then Chancellor of the Exchequer, closed a tax loophole by extending VAT charges to *cover gold coins.*

Until that time, only gold bullion and jewellery had been subject to charges. This allowed people to import gold coins free of VAT, melt them down, and then sell the gold either as bullion or jewellery – *claiming* VAT they had never paid.

"Since April last year, we have been able to reduce fraudulent trading," a Customs and Excise spokesman said yesterday.

UNIONS OFFERED NEW ROLE IN RELATIONSHIP WITH GOVERNMENT

Tebbit seeks deal on strikes

BY JOHN LLOYD, LABOUR EDITOR

MR NORMAN TEBBIT, the Employment Secretary, is prepared to grant trades unions a significant, if carefully circumscribed, role in national level negotiations on employment issues, including industrial relations *legislation.*

One of the major issues on which he is keen to hold discussions will be industrial action in essential services. The indications are that he will look for a deal which would rule out strikes in those industries designated as essential – if the price *of "buying out" such strikes* could be agreed.

The possibility of such a relationship developing hangs on a debate at the Trades Union Congress (TUC) annual meeting next month. In two sessions of talks on Thursday and Friday last week both Mr Tebbit and the union leaders stressed the seriousness of the discussions.

Mr *Len Murray,* the TUC general secretary, and other senior TUC figures, believe there is no choice but to attempt to represent union members' interests at such talks – even though they may underline the TUC's loss of power since the 1960s and 1970s.

Assuming a Congress *vote* in favour of a rapprochement – which neither the TUC nor Mr Tebbit takes for granted – talks between *the two sides will begin almost* at once on the Government's white paper (policy document) on ballots for union executives, on strikes and on the existence of a political fund.

A Bill is to be introduced very early in the new parliamentary session, probably as the first major piece of legislation. Drafting is already under way, and Mr Tebbit does *not* believe that the unions, because of their refusal to consult *before the election,* can materially influence its contents.

However, he does believe that union objections to technicalities in the Bill could bring changes, and would certainly make the debate in committee stage, on both sides of the *House of Commons, more informed.*

On the trade union levy, where the Tory programme explicitly calls for consultations with the unions, the employment secretary will look seriously at any suggestion which could meet his test of fairness – that is, that payment of the levy is fully conscious and voluntary. A TUC proposal which did so could pre-empt his presently preferred *option of substituting* "contracting in" to the levy for "contracting out".

Parallel proposals to give shareholders the right to decide on whether or not their companies gave money to political parties would, he believes, be helpful to legislation on the levy. However, such moves would be a matter for Mr Cecil Parkinson, the Secretary for Trade and Industry, and no decision has yet been made.

In the longer term, Mr Tebbit is particularly concerned to have talks on the structure of education, on apprentice reform, and on the payment of wages – the last of which was broached in these areas, and that new systems would work much better with their co-operation.

He is keen to see them play the role adopted by other pressure groups *such as the Confederation of* British Industry, by joining into the Whitehall struggles between departments.

He also believes he could get the TUC on his side against the educational establisment, to make education more vocationally oriented.

Cash call by TUC

BY PHILIP BASSETT, LABOUR CORRESPONDENT

THE TUC is facing a deficit next year so large that even if all its reserves were deployed to try to absorb it, there would still be a loss next year of about £300,000.

As a result, the TUC general council is putting proposals to next month's annual *Congress* for a two-stage increase in affiliation fees. Even this is less than the TUC needs to restore its finance to their end-*1982 level.*

Figures in the TUC's annual report, published today, show that income rose last year by about £530,000 to £5.1m, mainly because of an increase in fees of 7.5p per member in January 1982.

This increase, however, was offset by the continuing decline in trade union membership, and a consequent requirement to repay to member unions some £285,000 in overpaid affiliation fees from 1981.

An overall surplus last year of £428,786 was achieved mainly because spending rose much more slowly than in the previous year.

Spending is likely to have risen again this year and, coupled with *static affiliation fees and an* expected fall in membership in 1983 by a further 500,000 to a total of about *10m, a net deficit for 1983 of* about £300,000 is likely. Meeting this would reduce the level of the TUC's main administration fund to about £800,000 by the end of the year.

Civil Service faces 3% pay rise ceiling

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

A 3 PER CENT ceiling for next year's rise in Civil Service pay is expected to be agreed by ministers soon after they return from their summer holidays.

Although the limit will be directly applied only to the wage bill for about 1m *government employees,* it will be an important benchmark for the next round of pay negotiations throughout the public sector.

Some hard-line ministers will argue that the limit should be reduced to 2½ per cent from the 3½ per cent applied to wage costs in the present financial year.

There is a view, however, in Whitehall that this would represent an unrealistically tight squeeze in relation to the present 7 per cent annual rate of increase in earnings for the economy as a whole.

Even a ceiling of 3 per cent would be more than 3 percentage points below the rate of inflation expected by most independent forecasters for the end of 1984. The National Institute of Social and Economic Research, for example, believes the inflation rate *will have risen to over* 7 per cent by then.

However, Mr Nigel Lawson, the Chancellor of the Exchequer, is certain to take a hard line on public sector pay as part of his campaign to contain costs and reduce the Government's *borrowing needs.*

A 3 per cent pay ceiling would apply to the total wage bill rather than to individual pay settlements. But the announcement will arouse strong protests from trade unions, because it would require further cuts in the number of jobs with probably a reduction of the living standards of those in work.

The Government is hoping to cut the number of civil servants to 630,000 by next spring, a reduction of nearly 4 per cent compared with the tally last October. A similar squeeze will also be applied to the 1m National Health Service workers, although staffing cuts will be aimed mainly at administrative workers rather than those involved in the care of patients.

A sharp reduction in the rate of wage *inflation next year is vital to* Government efforts to keep inflation on a downward spiral. World commodity prices have started to rise again this year after a 27 per cent fall between 1980 and the end of last year. This steep fall was an important help in reducing UK price inflation to its current annual rate of just over 4 per cent.

However, in the first five months of this year, world commodity prices rose by about 9 per cent. The recent strength of the pound has helped to hold back the cost of imports in *sterling terms,* but it *is* clear that the future impetus for lower inflation will have to come *from wage restraint.*

In the 12 months to June, the average increase in total earnings was 4 per cent above the rise in prices.

Yard strikers stay out

BY MARK MEREDITH

HIGHLANDS FABRICATORS, the offshore construction yard in the Scottish *Highlands,* is expected to start recruiting workers this week after dismissing its entire 2,000 hourly-paid workers last week for going on strike.

Meanwhile, the workforce has voted to continue the strike which began over the removal of special *shelters for welding work* and the withdrawal by the company of free orange juice and coffee. The strikers are seeking to have the dispute made official.

Pickets are expected to be posted at the offshore yard at Nigg today.

BUSINESSMAN'S DIARY

UK TRADE FAIRS AND EXHIBITIONS

Aug. 19-29
Bike Exhibition (01-385 1200)
Earls Court

Aug. 21-24
International Craft and Hobby Fair (04252 72711)
Wembley Conference Centre

Aug. 27-29
Hi-Fi Show (01-686 2599)
Heathrow Penta Hotel

Sept. 1-3
Business and Light Aviation Show (01-643 8040)
Cranfield

Sept. 3-7
Autumn Gifts Fair (01-855 9201)
Olympia

Sept. 5-8
Builder's merchants exhibition—BEMEX (01-680 4200)
Wembley Conference Centre

Sept. 6-9
International Carpet Fair (021 705 6707)
Harrogate Exhibition Centre

Sept. 6-9
Offshore Europe Exhibition and Conference (01-549 5831)
Bridge of Don Showground, Aberdeen

Sept. 11-14
Cable and Satellite TV Exhibition and Conference—CAST (01-487 4397)
N.E.C., Birmingham

Sept. 11-14
International Menswear—MAB (0727 63213)
Earls Court

OVERSEAS TRADE FAIRS

Aug. 28-30
International Security Conference and Exhibition (0483 38085)
New York

Sept 1-3
International Semi Conductor and Electronics Components Exhibition — INTERNEPCON (0483 38085)
Hong Kong

Sept 4-10
International Autumn Fair (01-493 3111)
Leipzig

Sept 8-10
International Confectionary, Chocolate and Biscuit Trade Exhibition—INTERSUC (01-439 3964)
Paris

Sept. 10-18
International Autumn Trade Fair (01-891 2606)
Vienna

Sept 14-21
International Engineering Fair (021-455 9600)
Brno

Sept. 15-25
International Motor Show (01-734 0543)
Frankfurt

Sept. 19-22
International Hotel and Catering Equipment Exhibition—IGAFA (01-486 1951)
Munich

Sept. 26-30
S.E. Asian Production Machinery and Industrial Development Show—MACHINE ASIA (01-486 1951)
Singapore

Sept. 27-Oct. 1
International Chemical Plant and Engineering Exhibition—INCHEM (01-221 2043)
Tokyo

Sept. 30-Oct. 4
Toy and Gift Autumn Show (01-839 5901)
Taipei

Oct. 2-6
Middle East Construction and Municipal Services Exhibition (01-935 8200)
Kuwait

BUSINESS AND MANAGEMENT CONFERENCES

Sept. 1-2
Metal Bulletin barter conference (01-330 4311)
Vista Hotel, New York, U.S.

Sept. 7-8
FT Conference: Asian energy (01-621 1355)
Singapore

Sept. 12-14
Risk Research Group: Captive insurance companies—establishment, operation and management (01-236 2175)
Tower Hotel, London

Sept. 14-16
Industrial Relations Services: Employee communications—how to get your message across and achieve success (01-328 4751)
College of Marketing, Cookham, Berks.

Sept. 14-16
Frost and Sullivan: Office automation and integrated information processing support systems (01-486 0334)
Hilton Hotel, Amsterdam

Sept. 15-16
INSIG: International seminar on micro-computers and banks (Luxembourg 209 31)
Luxembourg

Sept. 18-23
The Institute of Cost and Management Accountants: The design and development of management information systems (01637 2311)
Cawthorpe House, Bourne, near *Peterborough*

Sept. 19-20
Business Research International: The international loan markets 1983 (01-637 4353)
Cafe Royal, W1

Sept. 19-21
British Institute of Non-destructive Testing annual conference (0604 30124)
Keele University

Sept 20-22
Reinsurance Management Institute: Fundamentals of reinsurance (U.S. 214-721 5360)
University of Dallas

Sept 20
Oyez IBC: The art of negotiating for company executives and professional advisers (01-236 4080)
Portman Hotel, W1

Sept 22
Institute of Purchasing and Supply: The use of computers to aid purchasing and materials management (0780 56777)
Cumberland Hotel, W1

Sept 26-29
ETMC: European truck maintenance conference (01-572 7313)
Sheraton Hotel, Brussels

Sept 27
Oyez IBC: The weaponry of civil procedure (01-236 4080)
Cavendish Conference Centre, W1

Sept. 28-29
FT Conference: World financial futures (01-621 1355)
Royal Lancaster Hotel, W2

Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure that there has been no change in the details published.

TECHNOLOGY

EDITED BY ALAN CANE

HOW APPLIED BIOSYSTEMS PRODUCES BIOTECHNOLOGY TOOLS

Genetics' pick and shovel

BY DAVID FISHLOCK, SCIENCE EDITOR

THOSE who made money out of the first Californian gold rush, the bearded PhD with a biblical profile advised City investment analysts, "were those who produced the picks and shovels." Dr Sam Eletr, president of Applied Biosystems, the latest biotechnology company to seek London's money, makes tools for genetic engineers.

Applied Biosystems from Foster City, south of San Francisco, is just two years old but—uncharacteristically of the new crop of biotechnology ventures—has been making money for the last half-year.

Last month the company sold 1.4m shares and raised $18m—"a successful issue," comments David Leathers, investment manager for Biotechnology Investments, the Rothschild fund which specialises in biotechnology stocks.

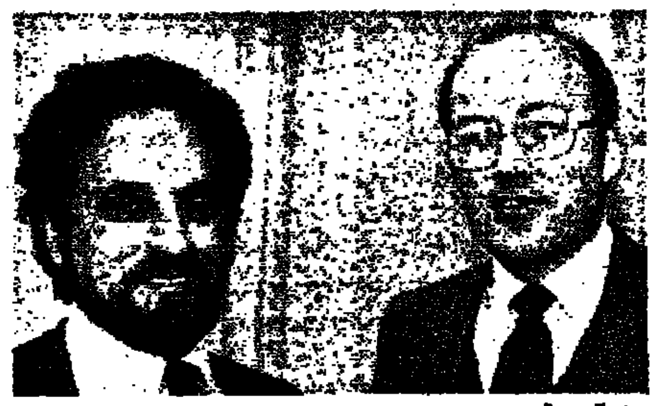
It has taken an instrument invented by the California Institute of Technology (Caltech) and developed it into a commercial product which sells for about $100,000. ICI has just ordered the first to be bought by Britain, of a total of several dozen ordered, mostly by the U.S. and Japan.

The instrument is an automated protein sequencer. Its unique feature is the sensitivity with which it can perform its analysis on microscopic amounts of protein. Its user just writes his requirements into a visual display unit and the machine does the rest.

The basic technology of automatically working out the sequence of amino acids in a protein molecule has been available for nearly two decades. It consists of a series of chemical steps which recognise the final or "tail" amino acid in a sequence, remove it for separate identification, then go to work on the next, and so on.

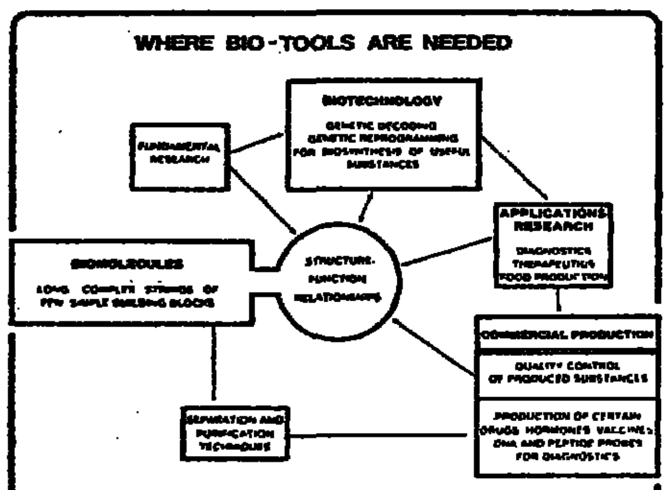
The liquid-phase chemistry used ran into difficulties as the molecular biologists presented ever-lengthening sequences in ever-diminishing amounts for analysis. Caltech researchers led by Professor Leroy Hood, chairman of the division of biology, developed a new microchemistry based on gas-phase analysis. It could handle as little as 1-500th of the amounts of protein previously needed.

Applied Biosystems obtained an exclusive licence from Caltech to develop and manufacture a new commercial instrument and provide the high-purity chemicals on which "micro-sequencing" depends. Prof Hood, 44, became one of the new company's principal consultants. His assistant, Dr Michael Hunkapiller has joined the company this summer.



Roger Taylor

Above: Dr Sam Eletr (left) with his colleague. "Large companies cannot move as fast as a small one like ours," he says.



The model 470 A protein sequencer and its associated reagents are the bedrock of the company's business today. According to Dr Eletr, Beckman Instruments, which had previously dominated the market for protein sequencers, when offered a licence by Caltech, had said it would take three or four years to develop such a sophisticated instrument to prototype stage. His company took a year.

"Large companies cannot move as fast as a small one such as ours." He has a payroll of just 65.

Dr Eletr, who left a senior executive position with Hewlett Packard to help found Applied Biosystems, used his former company's technology extensively in engineering the protein sequences.

The Hewlett-Packard computer and electronics add up to about 30 per cent of the manufacturing costs. His company concentrated on the intricate system of automatic valves which must handle the flows of reagents and solvents without pick-up of traces of contamination.

It also focused on the reagents and solvents, specified by Caltech researchers but made and purified by Applied Biosystems. The sequencer uses chemicals costing about $650 a month, promising substantial business once sales of the sequencer reach the hundreds.

Dr Eletr estimates that between 1,000-3,000 research laboratories in the world today could make use of a protein sequencer of this sensitivity. Industrial laboratories in the chemical and pharmaceutical industries—Du Pont, Eli Lilly, Hoffman-La Roche, etc—have begun to order.

He has even received an order from the USSR—from the agency which evaluates foreign technology.

Hard on the heels of the sequencer, however, is a less pricey tool for genetic engineers with a much bigger appetite for reagents. This is his model 380 A automated DNA synthesiser.

It assembles and purifies pieces of DNA from 10-40 nucleotides in length, using innovative chemistry culled from the University of Colorado, where Prof Marvin Caruthers, another of the company's principal consultants, is based.

Applied Biosystems shares exclusive access to this technology with Beckman (now Smith Kline Beckman).

The DNA synthesiser costs $42,500. The first was shipped only in March. But it consumes chemicals worth about $3,200 a month. Dr Eletr believes that revenues from sales of the reagents needed by his instruments will have caught up with instrument earnings in about five years.

Beyond the DNA synthesiser stands a family of novel instruments for research and for disease diagnosis. It hopes to be the first company in the world to market an automated sequencer for DNA, able to unravel the make-up of a complete gene. Caltech is trying to solve this problem and Applied Biosystems has an option to licence its results.

Dr Eletr was introduced to the City by N. M. Rothschild, whose $50m offshore fund Biotechnology Investments was an early investor in his company.

The fund now holds 6 per cent of the equity of Applied Biosystems.

Sam Eletr says his aim is to maintain R and D expenditure at 23 per cent of revenue to ensure a steady flow of new tools in a fast-evolving field. His goal is simply to become "a major producer and supplier of produces for biotechnology."

With a poetic turn of phrase he likens the goal of Applied Biosystems to that of an Elizabethan sonnet, to make tools that elicit the function of molecules in the way that a sonnet "elicits an emotional response from the reader."

Television

Sony's plans for digital television

WITHIN A year Sony will introduce television sets which incorporate digital techniques throughout its video circuitry. This eventually will have a significant effect on the design of television systems though, in the short term consumers will see no discernable difference in either quality or cost.

The use of digital circuitry, however, will lead to a reduction in the total number of components in a receiver making it cheaper to manufacture and improvement in the overall quality of the television picture. This will be particularly true for the larger screen sets which Sony is keen to develop. It could take seven to nine years for the company to incorporate the new design into its entire range.

Last week Sony demonstrated one of its digital televisions and has more than 60 patents pending on the design. Officials in Japan said that the system incorporates "non-interlace scanning." This doubles the number of scanning lines which make up a picture on the television screen.

Digital processing was originally developed for the professional broadcasting market and Sony is not the only company to have developed digital processing techniques for the domestic television set. ITT in the U.S. already has such circuitry which was developed mainly to cut the cost of making sets rather than improving quality. It is likely that Sony will use some of the ITT circuitry in the lower range of its planned products.

It has also been rumoured that Sony will eventually bring the digital televisions for production at its plant at Bridgend in South Wales. It is expected to make an announcement in early September which will clarify its position in the UK.

ELAINE WILLIAMS

SWEDISH PHARMACEUTICALS

KabiGen—serving drug companies

BY ELAINE WILLIAMS

"I AM more interested in getting enough safe and efficient drugs rather than cashing in on the whim of financiers who don't know what to do with their money." So says Bertil Aberg, founder of a five year old biotechnology company called KabiGen.

KabiGen is 50 per cent owned by KabiVitrum, Sweden's state-owned pharmaceutical company. Based in Stockholm, it carries out research and development work in the field of recombinant DNA technology mainly for its parent group. KabiVitrum will be marketing a human growth hormone made using biotechnology techniques developed by KabiGen at the end of 1984 as a result of KabiGen's efforts.

Growth drug

However KabiGen has also worked with Genentech, in the leading U.S. biotechnology group, to produce that company's human growth drug. In fact, Mr Aberg said that the contract signed in August 1978 by Genentech's founders Robert Swanson and Herbert Boyer was the world's first industrial contract in the field of recombinant DNA techniques for pharmaceutical purposes.

It is likely that KabiGen will look for further industrial partners since there are many applications for biotechnology in a number of industries outside the pharmaceutical field such as the extraction of oil, in the pulp and paper industry and in mining.

Last Thursday talks with KabiGen's owners began with a number of Sweden's large industrial groups to sell up to 40 per cent of the KabiGen stock. This is expected to raise up to SKr 100m to turn the company into a centre of biotechnical expertise.

Companies who are interested in acquiring a piece of KabiGen include Volvo, Korsnas-Marma, a large forestry group, Bofors, Boliden, and Alfa-Laval, which already has interest in biotechnology. The talks are expected to last a month.

Mr Aberg however, says that KabiGen's main job is to fulfill the needs of its parent companies. "The first contract could have turned KabiGen into a large company. In a way I am glad we didn't—we are here to serve the cell breeders. DNA is a tool not a product."

KabiVitrum is already the world's largest producer of human growth hormone using conventional techniques and has around 70 per cent of the world market. Now it is producing—though not yet selling—the hormone by Recombiant DNA techniques since this dramatically increases the amount of material which can be produced making Human Growth Hormone available to a wider number of people. It is also a more acceptable way of producing the drug by using bacteria rather than the unpleasant job of collecting tiny amounts of hormone from cadavers.

Originally KabiVitrum had hoped to introduce the drug this year but Mr Aberg wanted to delay human growth hormone's appearance until he was happy about its level of purity. Producing materials using recombinant DNA techniques were "more a problem of purification than expression," he commented.

Genes

As well as its research effort in producing various types of drugs and vaccines using Recombinant DNA, KabiGen is recognised in the industry as being at the forefront of the technology in making "gene machines" mainly for its own use.

The company has developed a fully computerised machine which can turn out genes—portions of DNA—for experimental use by stringing the basic nucleotide building blocks together. Mr Aberg said that the machine was capable of adding one nucleotide every 15 minutes to a particular chain. KabiGen has made a machine for Uppsala University researchers but is not interested in setting up a full scale production of its gene machine.

Mr Aberg employs about 20 people though the company has close contacts with a group at Umea University in northern Sweden. KabiGen's budget now stands at around SKr 15m though it has not yet made a profit. "KabiGen isn't made to make money today," he said. Neither does he envisage KabiGen becoming a huge biotechnology company. "Perhaps we will have up to 60 workers," he said.

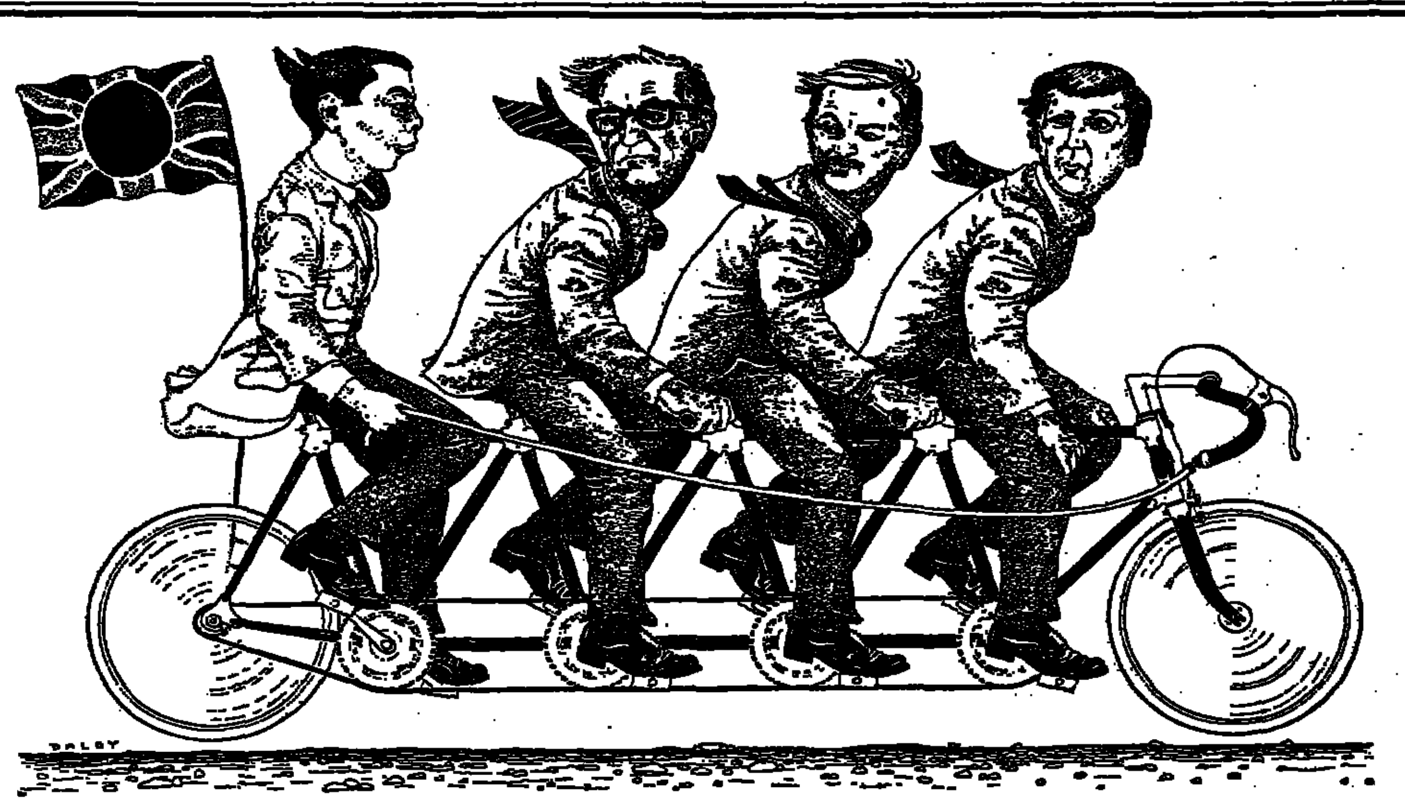
Academic

Aberg left his academic career at the Royal Vetinary College in Stockholm to join KabiGen. Now he says that he will stay at KabiGen "until anyone asks me to do something funnier." He admits that setting up a biotechnology company in Sweden at the end of the 1970s was difficult due to the fierce public debates and calls for close scrutiny of any work related to biotechnology.

Rather than face further controversy Mr Aberg, helped set up Advanced Genetic Science in the U.S. which applies hydrid DNA technology to plant cells rather than bacteria. Advanced Genetic Science which was planned to go public in August still retains Mr Aberg as a consultant to the board of directors.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ



Why Japan's corporate style can upset local managers overseas

BY CHRISTOPHER LORENZ

FORGET THE hoary stories, long put about by the "human relations" school of Western writers, that the employees of a Japanese company are just one big happy "family," all pulling together in the rosy glow of a contented consensus. The success of Japanese management, abroad as well as at home, has more to do with its finicky fixation with the detail of some highly disciplined and ruthless working practices, especially in production.

Forget also the idea that the transfer of this management style to Japanese subsidiaries in Europe may still run up against resistance from British and other European factory workers, and from their attendant trade unions. Far from it. While most blue-collar workers seem to be accepting Japanese management with enthusiasm, it is the local managers and white-collar workers who are putting up resistance.

Forget too the notion—much put about by economists and business school academics—that Japanese companies are being turned inexorably into multinationals.

True, they will reluctantly continue to submit to economic and political pressures to leave the comfortable sanctuary of their home ground and set up shop and factory in more of their Western markets. But they will do everything they can to avoid decentralising a substantial degree of decision-making from Japan.

And most of them will continue to leave their key foreign posts in the hands of expatriate Japanese, insulating them from local managers through a "dual employment" system of pay, responsibility and promotion.

Such are just three of the controversial messages to emerge from two new books by a leading authority on Japanese subsidiaries in Europe, Dr *Malcolm* Trevor. Entitled "Japan's Reluctant Multinationals"* and "Under Japanese Management"** — the latter co-authored with Dr Michael White of Britain's Policy Studies Institute (PSI)—are the first substantial publications about Japanese companies in Europe.

They were written when Trevor was researching with a team at the International Centre for Economics and Related Disciplines, a Japanese-funded but European-staffed unit at the London School of Economics. He has subsequently transferred to PSI.

The books also ram home the *message that much of Japan's* management style, and many of the techniques which underpin it, are transferable not only to Japanese subsidiaries in Europe, but also to fully European companies. "A lot of it is old-fashioned commonsense," *says Trevor.*

Though he points out that management practices vary far more than is generally thought from one Japanese company to another, Trevor warns that many of them are mutually supportive, "like the mesh of a net;" take one or two on their own, and they probably won't work.

Not that you need to attempt the impossible, and try to instal the whole gamut of lifetime employment, promotion by seniority, company trade unions, and all-embracing welfare benefits (such as company housing and holidays). Virtually none of these has been imported by the Japanese subsidiaries in Europe, which have *even fought shy of introducing* quality circles, in spite of their success in many European companies.

On the *other* hand, *says* Trevor, you *do* need a combination of some of the less distinctively "Japanese" elements *of Japanese management, including:*

- more than adequate investment;
- enormous attention to detail in every aspect of management, especially the setting of clear quality and performance standards in engineering and production;
- a high degree of technical competence and involvement on the part of management, which itself helps "legitimise" managers with the shop floor;
- insistence on close and continual communication between supervisor and supervised;
- and—to be fair to the preachers of "soft" human relations as opposed to these "hard" management practices—*you need a fair degree of* egalitarianism between management and the shopfloor, in the form of shared eating and other facilities and the readiness of managers to roll up their universal wearing of company sleeves on the production line. Even *that old chestnut*, the uniforms, can be helpful. But Trevor is insistent that in Japanese companies such egalitarianism reinforces, rather than undermines, the managerial authority that is derived from technical competence. "If you have an intelligent approach to production, you don't need the trapping of status to bolster yourself up," *says* his co-author, Dr White.

Readers hoping to learn the innermost secrets of how Sony, Matsushita or Mitsui operate in Europe may be disappointed by the books, since the authors had to guarantee confidentiality in order to gain such a deep insight into a host of sensitive issues, most notably the considerable tension that has developed in some companies between local managers and expatriates.

So the books ring with such unlikely pseudonyms as "Morita" (not Sony, but a trading company with a tractor subsidiary), "Tanaka," "Kansai Electronics" and "Kiku Bank." But the very welter of such names (plus the rather less stylish "Companies A, B and C") underlines the fact that Trevor and White, and their LSE/PSI colleagues, have had access to almost every Japanese company operating in Europe. Trevor's "Reluctant Multinationals" book is specifically based on the experience of all the 40 Japanese firms in the UK with over 50 employees.

Both volumes focus especially on Britain, but Trevor is emphatic that its conclusions apply equally well to France, Germany, Belgium, Ireland and other European countries where Japanese investment is taking root. To illustrate that it is not only in the UK that some Japanese companies are having difficulties with local managers, he cites the story of a German executive who shocked his Japanese bosses and colleagues by refusing to share the knowledge he had picked up on a company-sponsored visit to Japan.

This gets to the kernel of the problem. Whereas the traditional *group-feeling of* European factory workers lends itself to the collective involvement which lies at the heart of Japanese management, white collar workers and managers tend to be far more individualistic, say Trevor and White. In contrast—and conflict—with Japanese managers, their values and career patterns are normally based on clear job descriptions, individual responsibility and individual success; they have an added tendency to move from firm to firm.

This conflict of attitudes is one of the reasons why *some* British executives working for Japanese subsidiaries "feel that their value *as* managers *has* been devalued," says Trevor.

This is not the only explanation for the frustration which he and White have found in a number of companies. A prime source of strain is what Trevor calls, in no uncertain terms, "the exclusion of local staff from (anything) more than limited decision-making."

This applies particularly to the trading houses and banks, but also to most of the manufacturing operations. In the latter, says Trevor, the top man is almost always Japanese. Typically, though not in every case, so are the finance chief and those responsible for purchasing, engineering, quality control and sales. Britons generally have top level responsibility only for industrial relations and personnel; otherwise, where they are placed higher in the heirarchy, they tend to be "twinned" by a Japanese. Nor does an organigram that shows a Briton as senior to a Japanese in a particular function, necessarily reflect the true state of things, argues Trevor.

All this is part of the "dual employment system" which most Japanese firms use in Europe. Salaries and career structures for Japanese expatriates and for local staff are kept separate and with no movement between them.

"Expatriates . . . are the full members of the organisation . . . who, *barring accidents, can* be expected to stay with the company until retirement," says Trevor. It is they "on whom head office can place the greatest reliance."

Trevor goes so far as to suggest that there was growing Japanese enthusiasm for managerial localisation in the 1970s, but that this has now been replaced by a policy of tighter head office control. He says "this is in part because the head offices believe that the recession necessitates it, and in part because Japan's continued economic success validates Japanese management methods," as opposed to European and especially British ones.

But, as Trevor points out, this begs the question of why more local managers are not being trained to manage in the Japanese way, and why few Japanese companies train their expatriates to understand local managerial attitudes. Neither side seems to know what to expect of the other, either in advance or once they start working together. This may be one of the reasons why, in the few cases where the Japanese have tried to hand over to local managers, things have generally not gone smoothly.

All this does not bode well for the ability of Japanese companies to integrate themselves into the European business world.

At present, it may not matter *much—except to those few* European managers in the front line of misunderstanding and frustration. The pattern is, after all, reminiscent of the way many American companies retained tight central control when they came over to Europe, both in the late nineteenth century and after the second world war.

Nor should one have an idealised picture of the extent of European decision-making power in many U.S. multinationals today, even if there are plenty of Britons, French and Germans in senior jobs in Detroit, New York or wherever.

But Malcom Trevor believes the reluctance of the Japanese to "multinationalise" their decision structures and personnel patterns will be more resilient. And he fears that it could become a political issue as Japan's corporate presence in Europe becomes more pronounced and obvious. He and White argue "that it is in the interests of Japanese companies and the Japanese economy as a whole, as well as of Japan's trading partners, to take steps to defuse the situation before it reaches a point where the European Community or national governments begin to introduce regulations that will force more unwelcome changes on the companies than they would have had to accept if they had voluntarily taken measures in time."

The trouble with this line of argument, as Trevor himself admits, is that the Japanese reluctance to admit local managers to senior positions is partly bound up with anxiety that this would have an indirect Westernising impact on management within Japan itself.

Given the lack of impact that Europeans have *had on* the way IBM, General Motors, or any other U.S. multinational runs itself back home, this may be an exaggerated worry. But in a country which is now convinced — with some cause — that its management style is superior to that of the West, it is nonetheless a powerful one.

** Frances Pinter (publishers), 5 Dryden Street, London WC2E 9NW. Price £16.50 (hardback only).*

*** Heinemann Educational Books/Policy Studies Institute. Price £14.50 hardback, £6.50 paperback.*

Expats prevail

FOR THE past eight years the U.S. legal machine has been struggling to resolve a lawsuit alleging racial discrimination against C. Itoh, the large Japanese trading company. The case was brought by a number of the firm's local U.S. employees under the 1964 Civil Rights Act because C. Itoh gave 29 of its top 30 jobs to Japanese expatriates. Sumitomo *recently lost* a similar case in the Supreme Court, though it is still being fought over lower down the legal tree.

In less litigious Europe, there have been no such causes celèbres. *But* in "Japan's Reluctant Multinationals," Malcolm Trevor says that problems about the promotion of local staff have arisen all over Europe, as well as in south-east Asia. Japanese companies are loath to move abroad in the first place, he says, and are then reluctant to give substantive authority and promotion to local managers. There is little evidence that the Japanese intend to reduce their reliance on expatriates, he concludes.

THE ARTS

For Those in Peril/Shaw

Martin Hoyle

The National Youth Theatre opens its season with the winner of the Texaco playwriting competition, an astonishingly assured treatment of the 1931 Invergordon mutiny, by 22-year-old Christopher Short from Pontypridd.

Though allowed the Shaw for its summer run, the company is officially homeless. Incredibly, the forcing ground of such talent as Mirren and Quick, Jacobi and York, is still without a grant from the Arts Council. Lordliness of manner and mysteriousness of motive may recall the divine; but not the myopia nor total lack of judgment.

TV recently retold the Invergordon episode. Although the author has created a fictional ship, he keeps to the salient facts: Ramsay MacDonald's shocking 25 per cent pay cut for the lower ranks (to three shillings a day); the beer glass thrown at a young officer; the gun drawn in panic; the Admiralty's bland suggestion that the men's wives should supplement their income—interpreted by the outraged sailors as an invitation to prostitution; the bureaucratic sidestepping that ignored the promised lack of reprisals. No salt-mines, perhaps, but a freezing out of work and a permanent black mark in the eyes of the Special Branch.

Mr Short refrains from caricature. The strikers (the dread term "mutiny" is used as the last resort) include a committed Marxist opposed by an apolitical humanitarian ("It's about pay—it's about ourselves"). The officer class too may have joined to escape poverty when the family business crashed. The basic conservatism of the armed forces is touched on (sneers at MacDonald and "that fat pacifist," the Chancellor).

Comedy is provided by two bemused airmen on secondment, and such pleasurable moments as the Chaplain leading community hymn-singing with a community of one. The officers' sharp dialogue echoes below-decks bluntness. "Illiteracy is not confined to the working classes," they remark in the higher reaches; "there are members of this government who can only mind-read the Daily Telegraph."

Damian Segrave is a powerful advocate of seamen's rights; Roger Wood's Mark Antony act in talking the strikers home underlines the pity of it: they were all—almost—honourable men. Among the small parts Niall Refoy's frighteningly nasty *Disciplinary PO* conjures up an Orwellian vision of military police as eternal winners.

Rigoletto/Coliseum

Andrew Clements

English National Opera has wasted no time in bringing the smash hit of last season back into the repertory. Jonathan Miller's production of *Rigoletto*, translated from Renaissance Mantua to the world of the New York *Cosa Nostra* in the 1950s, is on its own terms a tremendous theatrical *coup*. As Max Loppert pointed out in his review of the first performance last September, the *new set of* historical references brings their own effective resonances; the period designs of Patrick Robertson and Rosemary Vercoe are perfectly observed. The juxtaposition of fierce primitive passions with a near contemporary setting makes the opera infinitely more involving than many a more glamorous and international staging.

But this sharpening of visceral impact is achieved at some cost. In the end Miller has simply exchanged one kind of historical naturalism for another; and if personal relationships are more sharply etched in his Mafia world, political concerns, the subtleties of social stratification of Verdi's original, are played down. It becomes "producer's opera" without tears, a skilful cosmetic job done on a well worn classic, which does (almost) no violence to the plot and allows the music to survive intact. What it reveals new about *Rigoletto* seems to me minimal.

Much of the cast is retained from last season's performances. John Rawnsley's title role remains deeply affecting, though he is uncomfortable in some of Verdi's higher-lying baritone lines. Arthur Davies' "Duke" is attractively macho; Malcolm Rivers and Terry Jenkins lead the band of *mafiosi* with crisp portrayals. Helen Field is new to the production, and her highly vulnerable, fragile Gilda gives yet more pathos to the final act; her bright, incisive soprano is picked out in high relief in the ensembles. Sean Rea takes over Sparafucile, profoundly sinister under Miller's direction; Shelagh Squires is Giovanna. Under Mark Elder, the ENO orchestra was on its most refined form. The production remains as good an evening out as the current repertory offers.

National Youth Orchestra

Max Loppert

The National Youth Orchestra chose, as the main work of Friday's annual appearance at the Proms, the Elgar Second Symphony. Under Charles Groves the youthful players gave a lusty account of it, unflagging, secure in grasp of notes, unfailingly committed—and, as ever, the Albert Hall comfortably registered the fullest Elgarian sonorities.

In other ways, though, the choice was perhaps less than ideal. The symphony requires subtlety and spaciousness of statement no less than energy: in particular, the fine detail of Elgar's melodic writing requires a roundness and bloom on the string tone if its elegiac lyricism is to be made warmly expressive. In this performance, at least to the ears of an uncertain admirer of the work, bombast took precedence over all other characterising qualities.

No other quibbles about programme composition: for the opener, Strauss's gargantuan *Festival Prelude*, so grossly fatted with brass and organ as to become almost endearing, provided a tonic exhibition of the orchestra's special accomplishment, and of Sir Charles's control of it. And in the concerto, Szymanowski's second for violin, the delicacy of all the wind curlicues provided a ravishing accompaniment to Wanda Wilkomirska's matchless delivery of the solo. The shape of the work emerged with masterly clarity, the colour and poetry with renewed vividness: this was, *surely*, one of the notable performances of the Prom season.

Architecture

Colin Amery

The lessons of Pevsner and Nairn


Under threat — The Salutation, Sandwich. Right: Sir Nikolaus Pevsner

English architecture last week lost its greatest chronicler and friend. Sir Nikolaus Pevsner, who was born in Germany in 1902, died after a long illness at his home, a little Victorian house tucked away in Hampstead. It is hard to think of anyone else who has done so much to record and explain English art and architecture.

His art historian training was acquired in Germany, his thoroughness never left him nor his ability to be stimulated by the challenges of scholarship. But Pevsner was not a remote academic, his amazingly full career saw him constantly at work on committees, commissions and conservation groups *actively promoting the values of* architectural quality.

In the remarkable series of *Reith* Lectures in 1955 this learned German art historian objectively explained the characteristics that create what he called, "The Englishness of English Art." He had come to live in England as a refugee from the Nazis in 1934 and his ability to understand the polarities of the English character reflected both his admiration of English tolerance and his awareness that he was an outsider.

It was Pevsner who explained the matter-of-factness of Perpendicular architecture — a style that has no remote parallel abroad. He saw the square-topped tower as a totally English phenomenon because of "its absence of demonstrated aspiration." It was Pevsner who took the line of beauty from Hogarth and related it to the curving paths and serpentine lakes of Picturesque landscapes. Pevsner, too, saw the English landscape as a man-made tribute to the idea of freedom, the opposite of the formal exercises of pompous tyrants.

Pevsner's greatest achievement and his most lasting memorial are the 47 volumes of *The Buildings of England*. It was Allen Lane and Penguin Books who backed this staggering *enterprise* which took Pevsner and his team 21 years to complete after visiting more than *30,000* buildings.

The first volume deals with Cornwall. For three shillings and sixpence in 1951 you could buy a book which covers the man-made achievements of the county from prehistoric times to the present day. Tales are legion of the field work undertaken by Pevsner and his wife Lola—who drove the car. After preliminary research by his acolytes the master himself would endure days of dreary bed and breakfast guest houses, endless packets of sandwiches, so that he could see for himself as many works of architecture as possible.

The pattern set in the earlier volumes continued to the end. First there is the general description of a place and then the serious, often long and highly detailed account of the parish churches—even including short and cryptic tallies of the church plate. Then, if Pevsner thought that the place deserved it there is the "perambulation" — a guided walk around the best streets punctuated by his perceptive observations. No other country has such a record of its surroundings—our debt to the energy of this unremitting observer is immeasurable.

*

It is sad to record the death of one of Pevsner's collaborators and a stylish and influential writer in his own right, Ian Nairn, who died last week, aged 52. Nairn was in a very *different* mould—he loved architecture and wrote about it with verve and passion from a subjective standpoint. Both he and Pevsner worked on the *Architectural Review* in its heyday in the 1950's when its was a fervent campaigner for architectural quality and catholicity of critical commen. Nairn wrote his own guides to London and Paris and they remain entirely fresh and enthusiastic.

Both Nairn and Pevsner were responsible for the development of an awareness of architecture and landscape that is beginning to influence a wide range of people. They understood the very English qualities of quietness and harmony. Both are to be seen in the houses and gardens of Sir Edwin Lutyens and it is one of the finest of these that is at present in the greatest danger. In Sandwich, Kent, Lutyens designed a house for two bachelor brothers. Called The Salutation it stands in a remarkably intact and beautiful garden with avenues and axes that create an aesthetic harmony with the "Wrennaissance" house that is peculiarly English.

This Grade I listed house and garden has been purchased by a developer whose architects, Clifford W. and R. C. Shrimplin, have prepared plans for two rows of small houses and two large detached houses in the gardens and proposals to convert the house into flats, or an hotel or an old people's home, or a conference centre.

Dover District Council now has to look at these plans and it is clear they must be rejected. To destroy a remarkable garden and wreck the integrity of a great house (that is not too large to live in today) would be a grotesque offence to all that is best in English architecture and gardening. It is almost unbelievable that such wanton contempt for our surroundings is still abroad.

The lessons of the great Sir Nikolaus Pevsner and Ian Nairn must continue to be taught—only constant vigilance can ensure that the buildings of England are still appreciated.

The Sixteen/Elizabeth Hall

David Murray

The Sixteen is (are?) a vocal ensemble formed five years ago by Harry Christophers, who conducted their South Bank Summer Music performance on Friday. In two Bach motets for double choir—the gentle "Komm, Jesu, komm" and the more elaborate "Der Geist hilft"—they made a bright, gleaming sound, very precise, very alert. Their sopranos and altos kept long lines beautifully suspended without weakening. Something in the interpretative manner implied conscious artistry of a later stamp, not quite Bach's robust sobriety; but as concert-hall renderings these were appealingly lucid.

So was Yo Yo Ma's treatment of the 3rd Cello Suite, nicely placed between the motets. As usual his sheer technical despatch was electrical: he sounded a little hurried, less settled than in the splendid Bach recital I reviewed in the spring. It was remarkable playing anyhow, and in the best Summer Music tradition he reappeared modestly among the Capricorn ensemble, after the interval, to help accompany the Requiem of Maurice Duruflé.

There has been a growing vogue for this Requiem, by a composer who has now enjoyed an even longer life than the venerable Fauré, whose own much-loved Requiem has patently been Duruflé's model. In form and arrangement, at least; in detail, Fauré's musical language is consistent and integrated as Duruflé's in this work is not. The vocal lines here are derived from plainchant, constantly in even notes (one begins to long for dotted ones), but the accompanying harmonies are theatrically suffused and *fin de siècle* (Duruflé was a Dukas pupil). Beyond the general evocative effect, quite sincere and tasteful, the music is not really articulate.

Led with panache by Christophers, but denied its full-orchestral dress, the Requiem missed its proper cathedral décor. The arrangement for chamber orchestra (a handful of strings, three trumpets, timpani and a very busy organ covering the woodwind parts) is attractive and skilful in its own right, but offers *cuisine mince* where a sumptuous spread of sound is required. Though it was pleasant and moderately interesting, it would have been more fun to be conned in style.

London Sinfonietta/Elizabeth Hall

David Murray

The indefatigable Simon Rattle appeared again in his South Bank festival on Saturday, this time conducting the Sinfonietta—another long programme, another great success. The Sinfonietta was considerably reinforced: initially with strings to make up the 23 needed for Richard Strauss' magnificent elegy, the *Metamorphosen* of 1945. The deep mahogany sound at the start (seven low strings, gathering violas as they proceed) was gorgeous, and with broad, controlled tempi Rattle shaped the long arch of the work nobly.

Just one heart-wrenching detail was missed. With the first metamorphosis of the opening tune, it acquires a magical *echt*-Strauss cadence; Rattle hadn't hit upon Raymond Leppard's trick of stressing the lower notes at its second bar, and its grief-and-consolation quality was regularly weakened. Otherwise, a most satisfying performance.

Beethoven's op. 56 Triple Concerto followed it, a high-mettle romp with Young Uck Kim, Yo Yo Ma and Emanuel Ax as the keen soloists. Bits of shaky unison, a too-forward piano, and the fact that the cellist Ma kept a higher expressive profile than the violinist Kim did nothing to dampen the inspiriting effect. They all sprang eagerly upon the best things in a famously uneven piece, projecting as much conviction in the earlier movements as in the surefire Polonaise finale. The Sinfonietta was brilliantly alert.

Rattle chose to end with two ears and the tail Janacek's *Cunning Little Vixen*, the singer-less Suite drawn from Act I and then the whole final scene, with a stirringly declaimed Forester from Thomas Allen and impeccable support by Miriam Bowen and Philip Doghan. Without voices or story the Suite might seem only a string of colourful *ostinati*, and the Forester's peroration wants the whole preceding action that it crowns. In fact Rattle's blazing enthusiasm, and the exuberant Sinfonietta response, made it all a triumph. As a concert sampling from what is essentially a music-drama, it could not have been more exciting.

Edinburgh Festival

Michael Coveney

There Is No Alternative

After Friday's sunshine, Edinburgh is now bathed in a warm mist, the castle and Scott Memorial cloaked in a romantic shroud when viewed from the end of Princes Street. As I write, the city cheers on the opening Sunday afternoon cavalcade and we learn that the epic production of *The Last Days of Mankind* runs for over four hours with three intervals. Claudio Arrau has been badly stung by a bee and will not be coming. The first ever Edinburgh Book Festival was launched on Saturday night with a raucous party in Charlotte Square. I declined an invitation in order to see a fringe play about the Scottish herring industry of a century ago.

This, it transpired, was a major error. But finding new plays on the Fringe—which has been in reasonably full swing for several days—is a difficult task. Everyone now is an alternative radical comedian. You cannot take two steps along George Street without bumping into one. They constitute, in fact, the mainstream. And most have contracts with Channel Four in their back pockets. They outnumber even the sizable audiences in the Assembly Rooms whose director, William Burdett-Coutts, the Daigelev of the Fringe, talks openly about "quality control."

Gone are the days of happy discoveries in draughtly church halls as the fringe becomes a commercial meat market in the two big producing venues of the Assembly Rooms in George Street and the Circuit just around the corner from the Lyceum Theatre. The Traverse Theatre Club, where the fringe was born, is today a sad morgue, offering only four productions throughout the three weeks and only one of them—*Buglar Boy* by Stanley Eveling—a brand new play. When I clocked in on Friday night to see it, four people behind the bar woke up to serve me. In the old days, you had to fight through excitable, beer-swilling crowds and both the Adrians, Mitchell and Herri Eheu fugaces. . . .

Buglar Boy, quite by accident, relates to the Viennese theme of the Festival proper. It is difficult to see, however, what else it relates to. It opens with two actors clowning around as Hamlet and Mighty Mouse while a hospital patient lies waiting for a blood transfusion in the corner. John Byrne's design includes a beautiful Klimt reproduction while Leon Rubin's dogged production of an irritatingly coded play—a bit like Tom Stoppard on a bad night—seems to imply that the patient, Morris, has pursued the chimera of art instead of rescuing a Jewish family from Vienna in 1938. Hetty Baynes as both the daughter and animated Klimt siren gives a game performance despite an inappropriate blonde haircut.

The herring bone I wish to pick is *The Shutter Falls*, by Norman Malcolm Macdonald, directed in the Assembly Rooms by maestro Burdett-Coutts himself. God knows what the others must have been like. It's small beer, all right, weak and warm. It takes some snapshots of a lass gutting fish and smothers them in the sentimental recollections of a moony descendant. Some whingeing Scottish folk music made it just about unbearable.

The play most worth seeing on the fringe will probably remain *The Ascent of Six*, by Auden and Isherwood, directed a trifle lugubriously by Thomas Cairns for the Oxford Theatre Group in St Mary's Hall. It's a wonderful play about heroism and comradeship in an anti-patriotic mood of 1936, but it stands up remarkably well and even still retains a genuinely experimental flavour. If there's a better text than this on the fringe, I'd like to hear of it.

Glasgow guests at Greenwich

The direction and design team of the Glasgow Citizens' Theatre, Philip Prowse and Giles Havergal, is staging a three-play season at the Greenwich Theatre next year.

As part of the Greenwich Theatre's 1983-84 season and under the overall direction of Philip Prowse, they will present *The White Devil*, by John Webster, Congreve's *The Way of the World*, and Chekhov's *The Seagull*, translated by Robert David MacDonald. Maria Aitken and Rupert Everett will be among the cast.

Greenwich will be opening the season with Tennessee Williams's *A Streetcar Named Desire*, from September 7 this year to October 22. *Francis*, a new play about St Francis of Assisi, by Julian Mitchell, author of *Another Country*, follows from October 26 to December 10.

J. B. Priestley's *An Inspector Calls* runs from December 14 to January 28 before the three-play season opens, running from February 1 to June 2. Alan Ayckbourn's *Intimate Exchanges*, from June 6 to August 4, closes the season.

Hardy at Salisbury

The premiere of David Horlock's adaptation of Thomas Hardy's *The Woodlanders* is to be presented at the Salisbury Playhouse next Thursday, August 25.

The company have been mastering the old country skills they must perform on stage every evening. These include making hurdles, cutting spar-gads for thatching, and cider pressing.

Hayward to show Hockney

An exhibition of photographs by David Hockney will be held at the Hayward Gallery, London, from November 9 until February 5 1984.

An exhibition of paintings and fabric designs by Raoul Dufy will be shown concurrently in the Hayward's lower galleries.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Music

August 19–25

LONDON

Paco Pena, flamenco guitarist and company. Royal Festival Hall (Mon to Thur) (928 3191).

Songmakers' Almanac. Songs by Schubert, Wolf, Mahler and others. Purcell Room (Mon). (928 3191).

London Sinfonietta conducted by Simon Rattle with Yo Yo Ma, cello, Emanuel Ax, piano and Young Uck Kim, violin. Knussen first performance, Mozart, Berg and Ravel. Queen Elizabeth Hall (Tue). (928 3191).

Songmakers Almanac with Jill Gomez, soprano, Martyn Hill, tenor and Graham Johnson, piano. Poulenc, Debussy, Ravel and others. Purcell Room (Tue).

South Bank Summer Music. Brahms and Janacek. Queen Elizabeth Hall (Wed).

PARIS

Bambini de Prague conducted by Bohumil Kulinski: Renaissance and Baroque music (Mon 8.30 pm) St-Louis en l'Ile church.

Satie Socrates (8.30 pm): Stravinsky L'Histoire du Soldat, conductor Pascale Levy, producer Francois Bou (Mon 8.30 pm) Theatre de l'Escalier d'or, 18 rue d'Enghien, Metro: Bonne Nouvelle.

One Hour With Chopin by Dang Thai Son, piano (Tue 8.30 pm), Townhall of the 5th arrondissement.

Mozart: Played in Paris by the Quattuor Rosamonde

Quattuor Rosamonde: Mozart, Beethoven, Weberu (Wed 8.30 pm), Theatre à Dejazet, 41 bd du Temple, Metro: Republique.

Ensemble Venance Fortunat conducted by Anne-Marie Deschamps: Nature in religious singing in the Romanesque epoch (Wed 8.30 pm, Thur 8.30 pm), Sainte-Chapelle.

Philharmonia Hungarica conducted by Alain Paris, Colette Alliot-Lugaz, soprano, Christian Ivaldi, piano: Soirée Mozart (Thur 8.30 pm), Law Faculty Assas.

NEW YORK

New York Philharmonic: Summer's free park concerts continue with Stanislaw Skrowaczewski conducting. Mozart, Lutoslawski, Brahms (Mon, Great Law Central Park); James Conlon conducting. Liszt, Schubert, Dvorak (Tue, Cunningham Park Queens; Wed, Prospect Park Brooklyn; Thur, Battery Park Manhattan).

New York Choral Society: Tamara Brooks conducts the Mendelssohn Club and the Philadelphia New School of Music in a programme of Walton and Haydn (Tue) and Harry Saltzman conducts the Sine Nomine Singers and Brooklyn College Chorus in an all-Handel programme (Thur). CAMI Hall, 57th & 7th Av (873 0098).

Mostly Mozart Festival: Festival Orchestra conducted by Leonard Slatkin, with Richard Goode piano, Heinz Holliger oboe and Aurele Nicolet flute. Richard Strauss, Mozart, Kalliwoda, Haydn (Mon, Wed); Roger Nierenberg conducting. All-Mozart programme (Thur). Avery Fisher Hall, Lincoln Center (874 2424).

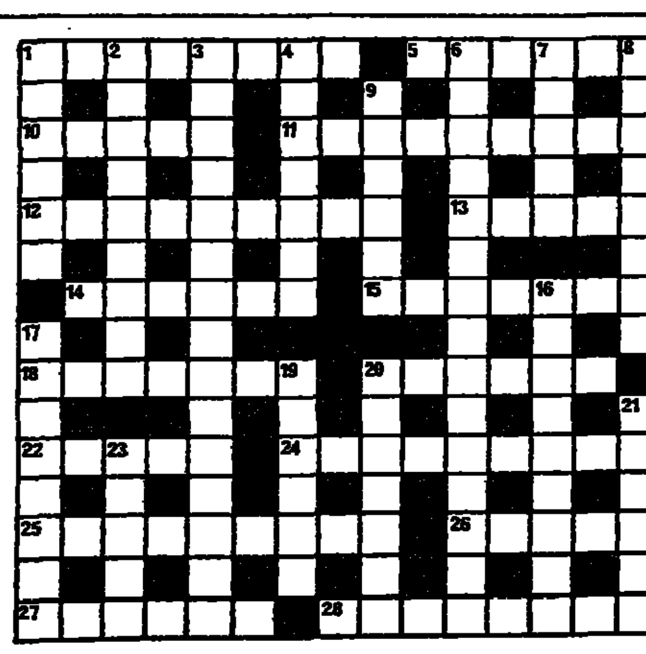
HOLLAND

Amsterdam Concertgebouw: Bernard Haitink and Concertgebouw Orchestra (Wed).

Nieuwe Kerk, Dam Square, Amsterdam: Organ recital (Thur).

My Fair Lady at the Amsterdam Stadschouwburg, direct from London's West End. Until Thursday.

F.T. CROSSWORD PUZZLE No. 5,197



ACROSS

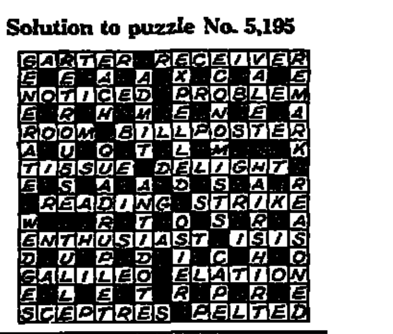
1 A snack in Kent (8)
5 Sailor with guide so to speak. Not here! (6)
10 Man in America married and showed respect (5)
11 Little-go possibly bridge player obtained dishonestly (3-6)
12 Figure of speech could soften the blow (9)
13 The German going round old City is a painter (5)
14 Suit single father with little boy (6)
15 Cunning Christopher by the headland (7)
18 Continue to have an affair (5-2)
20 Hint to first patient induces excellent health (6)
22 For reasoning, look to soldier with key (5)
24 Pitch tents by a river bell-tower (9)
25 Involve in crime perhaps (9)
26 Meal not started is less apparent (5)
27 One day disaster—French Revolutionary drowning (6)
28 Maybe paling on coming across ant-eater (8)

DOWN

1 Stand-in allowed to get money from property (6)
2 Male heard daily (9)
3 Why lads I descend somehow; I was born woeful (10, 5)
4 Their reviews often in a 2 (7)
6 Generally having a dialect? (7, 8)
7 Compound Queen of Persia dropping aspirate (5)
8 Abstainer trains perhaps to be teacher of Hindu writings (8)
9 French writers appear with hat decoration (6)
16 Excitable Oriental proposal to a student (9)
17 Mean person once kitchen slave (8)
19 Drink that causes trance? (6)
20 Typist has time for painting technique (7)
21 Former Argentine president entertains King on platform (6)
23 Romany swindle on Surrey borders (5)

The solution to last Saturday's prize puzzle will be published with names of winners next Saturday.

Solution to puzzle No. 5,195



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Monday August 22 1983

Turkey: a lost opportunity

WHEN TURKEY'S generals seized power three years ago they promised to hand over the running of the country to a "liberal, democratic, secular administration based on the rule of law." They also said that the political parties whose activities they banned would be "reactivated." Both those promises ring hollow today following Friday's moves to ensure that only a narrow range of loyalist parties is able to contest the elections due in November.

Few people questioned the need for radical steps in 1980. The country's economy had just begun to turn for the good, but successive civilian governments had proved incapable of tackling the mounting political violence. Over 20 Turks a day were being killed by terrorist groups. Turkey's Nato allies began to fear for the integrity of the south-east flank of the alliance.

Tolerance

The restoration of social peace was so important to the Turks that few initially questioned the cost in terms of arbitrary government. Equally, Turkey's allies abroad such as Britain, the U.S. and West Germany were more interested in the country's regained stability than in reports of abuses of human rights. The tolerance showed to the regime reflected faith in the generals' promises to return their country to democracy and a welcome for the IMF-backed economic management of Mr Turgut Ozal, then deputy prime minister.

In the past year serious doubts have begun to emerge on both these scores. The constitution drawn up by General Kenan Evren and his fellow commanders proved a potentially authoritarian document. It was introduced following a one-sided propaganda campaign by its authors. Far from reacting to the 91 per cent vote in its favour by putting out a hand of reconciliation to their opponents the Generals chose to crack down on the universities, the press and the old political world.

All this seemed to matter less when there was a chance that November's elections would provide the Turkish people with a genuine choice between a range of responsible political parties; but on May 31 the authorities arrested Mr Suleyman Demirel, the last civilian prime minister, and banned a party aiming to recreate his conservative Justice Party. Throughout the summer they cast a series of vetoes on would-be founders of political parties. On Friday they made it virtually impossible for the heirs to both the two main parties before the coup to contest November's elections.

Choice

As matters now stand, Turks seem likely to have to choose between the Nationalist Democracy Party, headed by a retired general and blessed by the military, the Populist Party, which the military have backed as a loyal opposition, and the Motherland Party. Only the last of these has been set up without the generals' blessing and it is headed by Mr Ozal who was their former deputy prime minister and appeals to a narrow and relatively conservative section of the electorate.

At the same time as the elections threaten to prove an increasingly irrelevant exercise, the country's economic recovery is beginning to come under question. The export boom on which so much has depended has begun to dry up. Workers' remittances are down and GNP growth forecasts have had to be cut. A number of finance houses have had to be bailed out by the authorities, as have more and more industrial firms. This has caused the authorities to have trouble in meeting monetary targets agreed with the IMF. Inflation is on the rise. And since Mr Ozal resigned a year ago attempts to open up the economy have given way to the revival of the bureaucratic interventionist spirit which has cost Turkey dear in the past.

The hope had been that the Turkish military would move in, clean house and move out as they had in 1960 and 1961. Now it seems the generals are more interested in perpetuating their own rule than in handing over power to a government with broad popular support. Their determination to extinguish all traces of the old politics may be storing trouble for the future.

Mr Tebbit is willing

THE FIRST steps towards a dialogue between the Thatcher Government and the trade union movement were taken at the end of last week. The tentative, almost supplicant air with which Mr Len Murray and his TUC colleagues approached the talks with Mr Norman Tebbit, the Employment Secretary, was in striking contrast to the pre-Thatcher era.

For most of the 1960s and 1970s tripartism was in vogue. As the trade unions told the Donovan Commission in 1968, "governments treat the TUC as a sort of industrial parliament" and seek its approval "for legislation which will have a day-to-day influence on the work of the unions."

Sectional

Mrs Thatcher's Government, while preserving tripartite bodies such as the National Economic Development Council and the Manpower Services Commission, has paid scant regard to the TUC's views either on economic policy or on matters directly affecting trade union activities. The unions, for their part, have retreated into hostile non-cooperation Whether the testing of the ice, as Mr Murray called it, will go any further depends on decisions at next month's TUC Congress. Mr Tebbit himself seems willing to consult the unions more closely on employment issues, including industrial relations legislation.

Tripartism, fortunately, is unlikely to stage a revival. Its economic consequences were generally harmful. Successive governments paid too high a price for trade union support; the TUC's ability to deliver on its commitments was in any case questionable. Moreover, while trade union leaders enjoyed the status which governments gave them, the rank-and-file derived little benefit and, indeed, showed little interest in these activities.

Preoccupation with national politics widened the gulf between leaders and members, who continued to pursue their sectional interests. As part of the reappraisal now going on within the trade union movement, this political role is being increasingly questioned. Quite apart from the uncertain electoral future of the Labour Party, there is an obvious absurdity in trade union leaders determining the party leadership on behalf of members whose commitment to the party may be non-existent.

The primary function of trade unions is an industrial one, to look after the interests of their members at the workplace. This is not just a matter of bargaining over wages and conditions. It extends to relevant legislation and to trade union practices which contribute to high unemployment and low productivity. Most of the productivity advances which have been made in the past two or three years have been negotiated at plant level, sometimes in the face of hostility from officials at the centre. Yet there are some topics—for instance, reform of apprenticeship—where the cooperation of trade unions at national level is essential. This applies even more obviously to changes in the framework of collective bargaining, designed to encourage adherence to procedural agreements.

In its first term the Thatcher Government took steps to bring certain trade union activities within the law. The next industrial relations Bill, to be introduced after the summer recess, will deal with the election of union officials, pre-strike ballots and political funds—all matters where there is a wide consensus on the need for change. But there are practical limits on a government's ability to impose change. Dialogue and consultation are more likely to produce reforms which will stick.

Contentious

Last week's talks covered, among other things, the Youth Training Scheme and reform of the Truck Acts, which permit employees to demand wages in cash. But the discussions could eventually be extended to more contentious subjects such as no-strike agreements in essential services.

This is a healthy development, and it would be a pity if next month's Congress put a stop to it. The TUC has no right of veto, but, like the CBI and other special interest groups, it has a legitimate contribution to make on matters which affect its members. As long as the Government is prepared to listen and as long as the unions offer something more than a dogged defence of the status quo, the dialogue could produce useful results

BRITAIN'S ENGINEERING INDUSTRY

Survival kit: niches and luck

By Ian Rodger

IT is well known that Britain's engineering industry has been among the hardest hit by the recession of the past three years. Mechanical engineering output is down by nearly a quarter since 1979, and many companies have been burdened with huge closure and redundancy charges.

But contrary to some suggestions, this important industry is certainly not dead, dying or even decimated.

Many companies, some not frequently in the public eye, have come through the recession, if not unscathed, at least in fairly good shape and a sparkling few have actually managed to increase their earnings.

These hardy survivors are of all sizes, and active in a variety of businesses, but an FT analysis of 50 leading quoted engineering companies reveals some common characteristics — prudent financing, high quality production, clear product strategy based on specialisation, alert management. True, there are also some uninspiring companies that have managed to ride with good times in their sectors while other well-managed companies have been engulfed by overwhelming forces in theirs.

The 50 companies are taken mainly from the list of those studied by London stockbrokers, Henderson Crosthwaite who are respected for their coverage of the engineering industry.

The measurements of growth or decline in the companies' pre tax profits, earnings and market capitalisations were made from data publicly available on March 10 1980—just as the recession in manufacturing industry set in—and July 27 1983.

One questionable exclusion from the list is the highly successful General Electric Company.

But GEC is mainly an electrical, electronics and consumer products business. Profits from the two segments of its business that fit most comfortably in this group—power engineering and industrial — have in fact declined by 13 per cent since 1979.

Of the 50 companies, over a third have improved their profits since 1979, but many, such as Northern Engineering Industries, have done so as a result of acquisition.

By the more critical measure of earnings per share, which adjusts for profits acquired through issuing new shares, only 15 have improved their performance. NEI's earnings per share, for example, are down 24 per cent.

The shares of the 50 companies, about a quarter of which are in loss, would have made a very bad portfolio in the past three years. Together, they have underperformed the London market by about 50 per cent.

However, investors appear to be taking a more positive view about the next few years. Over half the companies are now more highly valued in real terms than they were in 1980. In addition, the combined market capitalisation of the 50 is up 40 per cent, well ahead of the 30 per cent rise in the GDP deflator over this period.

Among the companies whose earnings have risen during the recession, plant contractors are strongly represented by Whessoe, Haden, Matthew Hall and Simon Engineering.

Part of the explanation is that contractors usually have strong balance sheets because of progress payments received from customers. Indeed, all four of these groups have net cash balances, no small boon in a period of very high interest rates.

Plant builders also tend to be specialised in particular types of plant, and so their fortunes vary with those of the industries they serve rather than the general trend of the economy.

Whessoe, which specialises in big chemical plant, has been thriving on British nuclear power plant contracts in the past three years, while Davy has suffered with the collapse of demand for metallurgical plant. APV, which makes food and drink processing machinery, has had a much better time than the troubled Capper Neill, specialising in oil and petrochemical plant.

Aside from these general points, many other factors are at work, making APV outperform Baker Perkins, and Simon Engineering outperform Capper Neill.

Capper, for example, is in financial trouble today largely because management was not rigorous enough in getting advance payments on foreign plant construction contracts.

Baker Perkins, whose products and management are highly respected, has had poor results in the past two years because of higher-than-expected costs in relocating a U.S. factory and the weak performance of a German food machinery associate.

Among the other successful companies, public sector custom is frequently an important factor. Anderson Strathclyde has depended heavily on orders from the National Coal Board, Westland Aircraft on the military and Laird on orders for rapid transit equipment from Hong Kong.

Dowty, which supplies both the military and the mining equipment markets, is the only company whose earnings have grown but whose shares have been declining, presumably because of fears that these markets are going to be weaker in the near future.

There remain a few successful companies—notably Hawker Siddeley, Pegler Hattersley, Hopkinsons and Spirax Sarco—that have managed to do relatively well on fairly plain, basic engineering businesses.

Spirax Sarco's growth is more impressive than the table suggests, but the group has just completed its second rights issue in three years. With turnover of about £50m Spirax has a higher market capitalisation than TI, which has turnover of nearly £900m.

Spirax is highly specialised in the manufacture of valves, gauges and other control devices for steam and other fluid transmission systems. It has benfited from rising investment by industry in energy conservation and from a worldwide spread of customers.

Although it has long had a strong balance sheet, the group has resisted temptations to diversify.

By contrast, Hawker Siddeley is in a wide variety of businesses—diesel engines, electricity generators, transformers and switchgear, air brakes, forgings, a railway car manufacturing business in Canada and even a stake in a Scotch whisky distillery.

Hawker's results are certainly not outstanding—its profits have been on a plateau since 1978—and its management has been criticised for a lack of strategy and direction, but it does get respectable performances out of a lot of unglamorous businesses.

Other large diversified groups with uncertain strategies have fared much worse, notably TI, John Brown and Acrow.

Sceptics about the power of managers to bring about change in large, diversified groups might look at the records of Laird and Smiths Industries in the past few years.

Under chairman Sir Ian Morrow and Mr John Gardiner, the chief executive, Laird courageously got out of its large steel business in 1979 and successfully redeployed the compensation received on the nationalisation of its aircraft and shipbuilding assets into other businesses, including two major U.S. acquisitions in cutting tools and plastics.

Profits have risen steadily since 1975 and last year reached £19.1m, more than double the previous peak of £9.3m in 1974.

Smiths is being reshaped by Mr Roger Hurn, managing director since 1978, to concentrate on aerospace components and disposable plastic products for medical and surgical use, while disengaging from motor components.

Three years ago, the aerospace and medical divisions accounted for 40 per cent of trading profits: in the latest accounts for the half-year to January, 1983, their proportion was 87 per cent.

Meanwhile, most of the loss-making automotive division has been hived off to a joint venture with Lucas Industries, in which Smiths has a 20 per cent stake.

Managers would be the first to admit that, regardless of the brilliance of most of their decisions, luck is often important.

Take the case of Pegler-Hattersley, a lacklustre manufacturer of plumbing fittings and valves until pushed in mid-1980 into selling its minority stake in a U.S. oilfield valve business. Net borrowings of £4.7m at the end of 1979 were wiped out and a year later the group had net cash balances of over £8m. Since then, profits have been bolstered by significant interest income.

Just as good luck can help some companies, so others can be overwhelmed by unfavourable forces. The two companies at the bottom of the list, Aurora and Johnson & Firth Brown, made what appeared in the mid-1970s to be the right moves to consolidate Britain's special steel industry into larger, more efficient units. They still found it difficult to compete with other European suppliers and it subsequently became apparent that some competitors were being heavily subsidised by their governments.

Similarly, even if they could have foreseen the depth of the recession in their markets, it is unlikely that the automotive components manufacturers could have done much about it.

From GKN, the biggest and most diversified supplier of auto parts, through highly specialised groups, such as Birmid Qualcast in iron castings, RHP in bearings, Adwest in steering gears, AE in pistons, J.H. Fenner in transmissions, Jonas Woodhead and Armstrong Equipment in suspension equipment and Camford Engineering in sheet metal parts, the performance has been terrible, whatever the merits of the management or products.

Now that the recovery in the automotive industry is underway, some shares are making better headway than others. Here, as in other sectors, the companies that have internationally competitive, specialised products seem best placed.

In the past few days, there has been a flurry of corporate deals as some companies try to improve their focus. GKN's agreed bid for AE is an attempt to create a stronger international force in engine components; McKechnie's purchase of IMI's brass rod and wire business aims at reducing excess competition in the UK; Simon Engineering's agreed bid for Drake and Scull should give the two more muscle in international plant contracting markets.

Most of the companies discussed here are in the medium-size and larger category, but many smaller engineering companies are also succeeding—Martonair, for example, in pneumatic controls and Rotork in control equipment and specialised machine tools.

What is increasingly difficult to find is a traditional, diversified engineering giant whose future prospects look promising.

NEI DOWTY Davy APV RENOLD BICC

HOW 50 LEADING COMPANIES HAVE FARED

(July, 1983, compared to March, 1980)

Company	Market capitalisation at 27.7.83 £m	% change	Rank	Pretax profits £m	% change	Rank
NEI	217	+262	1	39.5	+29.5	13
Anderson Strathclyde*	95	+234	2	15.5	+278	2
Whessoe	21	+200	3	6.5	+364	1
Matthew Hall	84	+162	4	11.6	+61	7
BICC	408	+134	5	98.6	+74	4
Howden	50	+128	6	9.25	+40	11
Haden	40	+123	7	8.6	+127	3
APV	102	+117	8	17.6	−3	20
Pegler-Hattersley	83	+107	9	17.8	+30	12
Hopkinsons	13	+107	10	3.5	+52	9
Westland Aircraft	84	+89	11	23.9	+57	8
Powell Duffryn	94	+88	12	12.9	+6	17
Vickers	104	+86	13	19.6	+67	6
Laird	77	+83	14	19.1	+72	5
Hawker Siddeley	607	+78	15	116.2	−1.6	19
Spirax Sarco	99	+77	16	8.5	+44	10
Smiths Industries	192	+76	17	26.5	+5.6	18
Simon Engineering	100	+69	18	20.7	+25	14
McKechnie	75	+63	19	10.2	−32.5	24
Steetley†	133	+58	20	9.35	−64	32
Babcock	178	+57	21	20.5	−48	28
Chubb	101	+44	22	14.1	+23	21
Glynwed	87	+40	23	13.7	+18	15
Adwest	46	+31	24	6.2	−30	23
IMI	153	+26	25	21.9	−37	26
Baker Perkins	35	+25	26	1.6	−84	35
Birmid Qualcast	28	+3	27	−1.4	—	42
Dowty	224	−3.5	28	36.4	+17	16
Delta	76	−1.3	29	14.5	−49	29
GKN	364	−16	30	40.5	−63	31
AE‡	49	−23	31	−0.2	—	37
J. H. Fenner	24	−25	32	8.1	+6	27
Dobson Park	51	−28	33	9.1	−3.6	25
Davy	47	−32	34	6.3	−76	34
Lucas	139	−34	35	20.2	−71	33
Automotive Products	21	−38	36	−14	—	50
RHP	16	−39	37	3.9	−26	22
John Brown	30	−42	38	−8.6	—	49
Mining Supplies	11	−45	39	−0.7	—	40
TI	87	−49	40	4.7	−94	36
Duport	11.7	−51	41	−1.1	—	41
Armstrong Equipment	11	−56	42	−3.2	—	44
Acrow	8	−64	43	−3.9	—	46
Redman Heenan	4	−66	44	−2.17	—	43
Capper Neill	4	−71	45	2.6	−53	30
Camford Engineering	3	−73	46	−0.7	—	39
Renold	8	−73	47	−3.9	—	47
Jonas Woodhead	3	−79	48	−3	—	38
Johnson & Firth B'wn	8	−80	49	−4.9	—	48
Aurora**	—		50	−3.8	—	45
TOTAL	4,505	+40		664	−35	

* Anderson Strathclyde was acquired by Charter Consolidated in April 1983.
† Steetley's market capitalisation was 5 per cent below the 1980 level until Hepworth made its unsuccessful bid in March 1983.
‡ AE's market capitalisation was 45 per cent below the 1980 level until GKN made its bid last month.
** Aurora is under financial reconstruction.

Recession beaters

% growth in earnings per share 10-3-80 to 27-7-83

Company	
Whessoe	226
Anderson Strathclyde	175
Haden	139
Matthew Hall	100
Howden	35.8
Westland Aircraft	28
BICC	26
Simon Engineering	22
Laird	20
Hawker Siddeley	8
Pegler-Hattersley	8
Vickers	3.7
Dowty	3.4
Hopkinsons	3.2
Spirax Sarco	1.7

Men & Matters

Norman style

The normally grunt and imperturbable features of Employment Secretary Norman Tebbit must have cracked a little this weekend as he read his press clippings.

Descriptions of him as "serious" and "civilised" are rarely made by his friends, let alone the union leaders who met him twice at the end of last week and found themselves uttering these unexpected words afterwards.

The talks did not go all Tebbit's way, however. In the first session on the Youth Training Scheme, discussion was monopolised by Bill Keys, vocal general secretary of Sogat 82, who began each fresh sally "With the greatest of respect," then waded in with hob-nailed boots.

Only TUC general secretary Len Murray's nimbleness in stepping in to sum up crisply while Keys paused for the occasional breath kept the talks to a tolerable length.

Old hands in the TUC reckon they had better get used to Tebbit, even if they will never love him. He fancied a change, possibly to the Home Office, but was told to stay at Employment and finish his historic task. He thinks that Mrs Thatcher, never a quick maker and breaker of Cabinets, will leave him there for at least two years—which should give even Keys enough time to have his say.

Beyond ken

Greater London Council leader Ken Livingstone, a regular guest these days at the TUC conference, may find the brothers' annual seaside pilgrimage next month less comradely than usual.

Buried among the worthy resolutions in the TUC's preliminary agenda—such as Racism in the NHS and the National Association of Licensed House Managers' demands for curbs on the sale of liquor outside the trade—was a ritual call to the movement from the GLC Staff Association to resist the Government's proposed abolition of the GLC and metropolitan councils.

Not much seems to have been expected, since the only weapons the TUC was urged to use were "campaigning and publicity."

But in the final agenda, published yesterday, this little squib of a motion looks as if it might set off a much bigger explosion. It has been amended three times—once, inevitably, by its GLC authors, but most provocatively by the Left-bashing Electrical and Plumbing Trades Union.

Any TUC campaign, the EEPTU suggests, would face major difficulties because of the policies "of some of these authorities and their members" and the TUC should "seek assurances regarding future actions" before doing anything to help them.

The electricians' general secretary-elect, Eric Hammond, is expected to illustrate his arguments with examples from Livingstone's past and to add some observations about his possible future.

Livingstone, with only visitor's status, will be denied any right of reply. Nor can he expect much protection from the chair, which will be occupied by Frank Chapple, outgoing general secretary of the EEPTU.

"I'm afraid you've been included in the sale to Eagle Star as furniture and fittings, Johnson."

Ill named

Boots is hopping with excitement about the interim approval for sale in the U.S. of its pain-reliever, ibuprofen. It will be the first new product of its kind to be sold over the counter since aspirin and paracetamol, and Boots expects to gain a substantial share of the $1.3bn market.

The company is rather less pleased, however, with its marketing partner's choice of name for the product. I commiserate fully—Would you reach for something called Advil if you had a splitting headache?

"Sounds too much like anvil; a bit of a clanger," says one ad-man.

The product is known more soothingly as Nurofen in this country. But apparently shorter trade names are favoured by Americans and, according to Boots, trying to find one that hasn't already been adopted has been a real headache.

Bookmark

"I am a creator of libraries and get restless when I am not doing so," says Godfrey Thompson. And since there are no immediate plans to set up further libraries in the City of London, he is leaving his post as Guildhall Librarian, at the age of 62, to help develop a cultural centre in Abu Dhabi.

Thompson, since 1965, has been responsible for opening the City's lending libraries and, more especially, for creating the City Business Library.

During holidays in those years, he has travelled to 21 countries as a consultant on schemes to establish yet more libraries and art galleries. "Very often," he observes, "their dreams and ambitions bear no relation to their resources."

That will clearly not be a problem in Abu Dhabi, flush with oil money and eager for more culture.

Thompson advised on the foundation of its cultural centre and is returning to work on plans for developing its facilities which include a library, museum, national archives and auditorium.

The centre, he says, will not confine itself to works of the Arab world. "There is no question of having nothing but Islamic art or Arab books—they want to be part of world culture."

Tea for tourism

Though it may sound slightly potty, Jersey will this autumn try to tempt more tourists to the island with tea-bags.

The island is a big exporter of tea. A company called Overseas Trading Corporation, originally set up to escape English duties and taxes, has been packing tea there for over a century. Now part of the Allied Lyons group, it ships some 360 brands worldwide.

Gerald Harrison, OTC marketing director, suggested to the island's tourist authorities that his packers might pop in some publicity for Jersey with the tea-bags.

The first leaflets will go out this autumn with 20,000 Tetley tea-bags for Norway and 10,000 Horniman's for Sweden. If they go down well, the rest of Europe may be flooded next year.

FOREIGN AFFAIRS

The power of two men

By Ian Davidson

ONCE upon a time, the American Secretaryship of State was a very formidable position, in some ways second only in public pre-eminence to the Presidency itself, and unquestionably the primary channel of influence on American foreign policy. It is beginning to look as though this model no longer holds good. The Secretary of State has been displaced by the National Security Adviser in the White House.

When Dr Henry Kissinger was National Security Adviser under President Nixon, his success in wresting control over most foreign policy planning away from William Rogers at the State Department could be put down to his remarkable mixture of talents, his burning ambition, and his success in manipulating the President, the rest of the bureaucracy and, above all, the media.

When Zbigniew Brzezinski followed suit under President Carter he deployed many of the same skills, if on a less flamboyant scale, in undermining the position of Cyrus Vance down at Foggy Bottom. Now that Judge William Clark seems to be having the beginnings of a similar victory over Mr George Shultz, the explanations conventionally handed out are

Dealing with the Communist menace in mini-memos

quite different but the results are similar.

No one accuses Mr Clark of having a passionate interest in foreign affairs, no one accuses him of being an intellectual on Kissinger or Brzezinski lines and no one, so far as I am aware, accuses him of burning personal ambition. His increasingly obvious influence on foreign policy is put down to his long-standing and close personal friendship with Ronald Reagan and the ease with which they can exchange views on how best to deal with the Communist menace in one-page mini-memos.

One might go on to argue a common thread between the Reagan and Nixon presidencies, in the sense that both men distrust the pinky liberal intellectuals whom they perceive to inhabit the State Department, and both share a Californian alienation from the East Coast establishment.

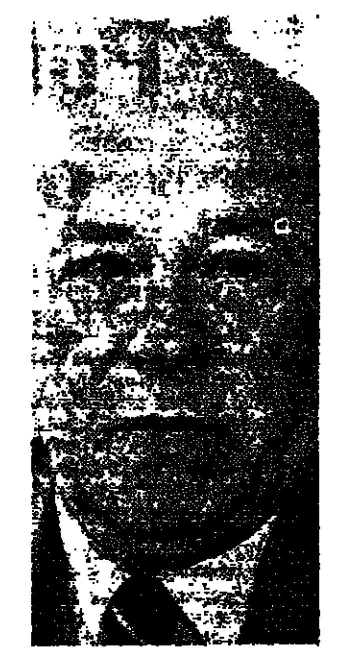
But it cannot simply be a coincidence that American presidents seem to find it so difficult to hang on to their Secretaries of State. Despite all his humiliations at the hands of Henry Kissinger, Rogers stuck mutely and loyally at his post for Nixon's first term, but resigned after Nixon's re-election because Kissinger wanted his job.

Cyrus Vance, equally loyal and gentlemanly, resigned after the fiasco of the helicopter rescue attempt in the Iranian desert, which he had opposed. Alexander Haig, much less gentlemanly, did his damnedest to stay on top of the foreign policy process, but he was forced out after not much more than a year in office.

George Shultz, another loyal and discreet team-player, is still at the State Department after a bit more than a year, and he says he has not threatened to resign; but the fact that he has been reported to have insinuated such a threat, is symptomatic of the rage and frustration being experienced in the State Department at the way primacy in the foreign policy process seems to have been slipping out of his grasp and into the hands of William Clark at the White House.

Some would argue, with Zbigniew Brzezinski, that the pre-eminence of the National Security Adviser has become all but inevitable. Long gone are the days of America's quasi-isolationism, when one of the primary tasks of U.S. foreign policy was not getting entangled in other people's quarrels. American leadership of the Atlantic Alliance and its position as a nuclear super-power have, since World War II, given it unavoidable responsibilities in managing East-West relations; and the enormous growth of its worldwide trade, finance and investment activities has made it much more sensitive to the ups and downs of the international economic scene.

One of the consequences of this internationalisation of America's interests, is that many more groups are affected by the foreign policy process, and these lobbies channel their



GEORGE SHULTZ: discreet team player

WILLIAM CLARK: increasing influence

concerns through a wide variety of agencies — Treasury, Commerce, Agriculture, Defence, Justice — in addition to the State Department. At the end of the day, the major foreign policy decisions must be made by the President, because they are so important to America's interests, and it is unavoidable that his White House staff will be required to sift and mediate the conflicting pressures from different parts of the Washington bureaucracy.

The need for central mediation is almost certainly aggravated by the politicisation of this bureaucracy. The election of a new President is followed by a wholesale clear-out of a vast swathe of what in Britain would be regarded as the top civil servants, and their replacement by party loyalists.

Yet even if the rise of the National Security Adviser is to some extent the unavoidable response to unsought commitments and responsibilities and to the autonomous growth of U.S. economic interests abroad, it is also arguable that there has been a growing tendency in the past 15 years for American Presidents to go out of their way in search of an activist foreign policy. Richard Nixon was passionately interested in grand international designs; Jimmy Carter, for the best of motives, was constantly getting into tangles for trying to use American leverage on questions of human rights and nuclear proliferation in far-flung parts of the world; Ronald Reagan appears to believe he has a mission to fight Communist subversion wherever it may occur.

Of course, there have been external factors behind the growth of American activism—such as the oil crisis. The decade since the first oil crisis has witnessed a massive dislocation of traditional economic and political relationships, and disappointment with East-West détente prepared the ground for the new right to argue that America was being bamboozled and undermined, and was in danger of defeat by the Russians.

Nevertheless, the Carter administration was not forced by external factors to take up such an exposed forward position in identifying its interests with the personal position of the Shah of Iran, and it proved very misguided in doing so. People who have reason to know, like the Mexicans, think the Reagan administration is being equally misguided in its activist commitments in Central America.

If there is a tendency, given a choice between quietism and interventionism, for American Presidents to choose interventionism, this is bound to strengthen the position of the National Security Adviser; for interventionism, almost by definition, involves risks which only a President can incur.

Some future President may prefer to resist the temptation to look for foreign adventures. But supposing the rise in the power of the National Security Adviser has become an irreversible phenomenon: does it matter very much to the outside world?

In the context of routine diplomacy, it is almost bound to be confusing and disconcerting to friends and enemies alike. So long as the State Department is headed by a Secretary of State, who is not also the National Security Adviser, some element of conflict may be unavoidable, and foreign governments will find it more difficult to figure out what American policy is, or to discover who they should be trying to negotiate with.

But perhaps this has to be shrugged off, in general, as just one of the bureaucratic problems involved in dealing with the government of a very large and idiosyncratic country.

The real disadvantage of a power shift from the State Department to the National Security Council, is that so much comes to depend on the calibre of just two men: the President and the National Security Adviser. If they have the right qualities, the results may be quite impressive; if not, the results may be alarming.

The combination of Richard Nixon and Henry Kissinger was fairly remarkable: both were interested in, and knowledgeable about, foreign affairs, and Richard Nixon had long personal experience of national and international politics. Brzezinski had rather good qualifications for dealing with foreign affairs, but Jimmy Carter had no experience of international or even national politics. Ronald Reagan and Judge Clark are both equally inexperienced in national and international affairs.

Of course, even the Nixon-Kissinger duo has come in for vociferous criticism, notably in Seymour Hersh's book The Price of Power, recently published in the U.S., and shortly to appear in the UK.

This is an unqualified hatchet job on Kissinger, which maximises every opportunity to denigrate him, for toadying to Nixon, for shameless bureaucratic back-stabbing, and for telling lies, together with more familiar reproaches to do with the bombing of Cambodia, the conspiracy against Allende, and the wiretaps.

More importantly, he argues quite forcefully that Kissinger's role in negotiating the ABM and SALT nuclear weapons agreements with the Soviet Union left a great deal to be desired: there were important questions which he simply got wrong, and he ended up with deals which were less favourable than they might have been.

This is the bottom line: would the U.S. have got a better deal if the negotiations had been left to the conflicting lobbies of the traditional Washington bureaucracy? No one knows; but it is at least arguable that

Risks which only a President can incur

they might still be talking today, that the fact of an arms control agreement represented an important breakthrough, and that the blemishes in the final numbers were irrelevant in the overall context of strategic balance.

No doubt détente was oversold; no doubt Kissinger was foolish to subscribe to the notion of negotiated linkage, by which the Russians would promise good behaviour in return for an arms deal; no doubt the opening to China could have been achieved without all that cheap suspense; no doubt the handling of the Vietnam negotiations was tacky in the extreme. But can we honestly expect Judge Clark to do better?

Lombard

'Cost of living' can mislead

By Samuel Brittan

PRIMARY PRODUCT prices are well off the bottom. According to the Economist index they have risen in the last year by well over 20 per cent in dollar terms and over 40 per cent in sterling terms. This must be good news for the developing countries and suggests that the squeeze on them may not be quite as unrelenting as it is fashionable to claim.

Is it, however, bad news for the counter-inflationary efforts of industrial countries? Commodity price indices exaggerate import costs for such countries, which nowadays consist increasingly of finished and semi-finished goods, not to speak of services. For instance, UK import prices have risen by 10 per cent in the year to last June. But commodity prices are nevertheless a component and enter into other elements with a delayed action effect. If recent commodity price trends continue, import prices will rise even for countries which maintain unchanged exchange rates and contain domestic labour costs. Would this make an acceleration of inflation inevitable?

At one extreme there is the traditional "cost plus" view, which states that import costs are part of total costs whether we like it or not; and as there is a limit to how far it is desirable or possible to squeeze profit margins, import price increases will affect inflation in proportion to their weight in domestic expenditure. At the other extreme, monetary-oriented economists will say that this view is an example of the "adding-up fallacy." That is the fallacy of regarding inflation as due to a lot of separate price increases and ignoring the common force at work. Their view is that if monetary conditions are under control, the price level as a whole will not rise more than momentarily, whatever individual cost and price components may happen to do.

As usual, I take what Martin Feldstein once called a "low church" monetarist view. Inflation is largely a monetary phenomenon, especially in the long run. But most finished product prices and many service prices are not as flexible as commodity prices, and if governments tried to squeeze aggregate expenditure hard enough to reduce other prices, so as to offset rising commodity prices completely, recovery will be well and truly aborted.

How can policymakers take on board this point without accommodating a new inflationary upsurge? The answer is to base policy not on the retail prices index—the so-called "cost of living" index—but on the GDP deflator, sometimes known as the "index of home costs." It can be regarded as a measure of domestically generated inflation. Using it as a guideline will mean that no attempt will be made to force down other prices to offset more expensive imported commodities; but if domestically generated prices show any sign of rising in sympathy—e.g. because of union attempts to offset higher import prices by wage claims—the policy stance is automatically tightened.

An oil-price explosion, for instance, affects the retail price index, but not directly the GDP deflator of a country which imports all its oil.

The GDP deflator is in any case a more stable and reliable inflation indicator than consumer price indices. The latter vastly exaggerated the rise in U.S. inflation under President Carter and the fall under President Reagan. In the UK it has suggested an altogether deceptive drop in inflation from 12 per cent, a year and a half ago, to 3.7 per cent in June, and an acceleration to 5 or 6 per cent by the winter. The GDP deflator has shown a more gradual but persistent downward trend from 10 per cent in 1982 to 7.8 per cent at the beginning of 1983, and it is expected to fall gradually further.

The virtues of the GDP deflator constitutes an additional argument for focusing policy on nominal GDP, of which it is, of course, the price component. It is sensible to allow policy to tighten automatically when domestically generated prices accelerate and to lessen it when domestic inflation subsides. The signals given by the consumer price index are, on the other hand, far too erratic to use in this way as a guide to policy.

Letters to the Editor

Casuistry common in modern moral philosophy

From Professor M. Jones-Lee

Sir,—I read with great interest and amusement John Broome's article on "the price of life" (August 17). The piece has many of the hallmarks of Dr Broome's various provocative contributions to this important but contentious debate. He is critical of conventional wisdom without offering even a hint of how things could be done better. He hauls some rather ripe red herrings across the stage. In line with much of the currently fashionable criticism of the utilitarian tradition in moral philosophy, he adduces extreme and difficult cases as examples of the limitations of a moral theory intended primarily as a device for handling more routine, everyday problems. Finally, the article is, in places, mischievously misleading. Let me be more specific.

Dr Broome is worried that valuing safety in terms of individual willingness to pay for it will lead to higher values for the rich (who can afford to pay more) than for the poor (who cannot) with consequently embarrassing implications for equity and fairness. But the values that I and my colleagues derive are not "person specific" and apply only to large groups of people. Furthermore, as it turns out these values are virtually independent of the way in which income is distributed within the relevant group.

As an example of the kind of casuistic argument so common in modern moral philosophy, Dr Broome's "unborn baby" case is a classic. Certainly it is difficult to know how to treat the potential life of an unborn child, but do we really have to settle this question before we can decide whether or not compulsory seat belt legislation is a good thing or whether to increase spending on research into heart disease? Indeed, can we afford to wait around for an answer to Dr Broome's question?

As for the misleading aspects of the argument, two strike me as particularly strident. First there is the clear implication that inviting an economist to address an issue such as this is rather like asking Attila the Hun to chair a committee on medical ethics. What the casual reader may not realise is that many of the major contributions to recent developments in the moral philosophy of social (as opposed to individual) choice have been made by economists, such as Kenneth Arrow and Amartya Sen. Dr Broome's second diversionary feint concerns his suggestion that I and others working in this field are trying to discover the money value people set on their lives. We are doing nothing of the sort. What we are trying to discover is the money value people place on small improvements in their own and others' safety and that is a very different question. Like Dr Broome, I couldn't begin to try to set a money value of my own life, but I most certainly could specify, at least within a range, what a halving of the risk of a fatal car accident next year would be worth to me.

So, until John Broome can tell me how to do better, I shall continue to advocate the view that public sector safety decisions in a democracy should take account of information concerning the amount that safety is worth to individuals. What I find rather odd about Dr Broome's criticism is that although he claims that we cannot accept an economist's valuation of life he none the less expects us to accept an economist's assertion (namely his own) that the high valuation implied by my research represents "a step in the right direction." I am gratified that he thinks so, but intrigued to know how he can be so sure, given his otherwise nihilistic stance on this issue.

(Professor) M. W. Jones-Lee,
Department of Economics,
The University,
Newcastle-upon-Tyne.

Changing work patterns and rising output

From the Treasurer,
Labour Economic Policy Group.

Sir,—Readers may wrongly conclude from the article (August 17) by Messrs Groom and Goodhart on changing work patterns that the increase of 13 per cent in output per person hour (OPPH) since early 1980 is exceptional; that the figure means *what it says*; and that the increase confirms the success of the Government's economic policies.

The increase of 12.8 per cent in OPPH in the past three years compares with 13.0, 12.2 and 15.3 per cent in the two years ending in, respectively, the fourth quarters of 1964 and 1968 and the second quarter of 1974. The changes are all from the bottom of the cycle. The annual rate of increase since May 1979 is only half that in the decade to end 1973. The previous Government did no better. Monetarism has been with us since 1974.

The figure of 12.8 per cent is in any case a statistical illusion. It is more than accounted for by the contraction of one-fifth in our manufacturing base. The policy of exchange appreciation—and it is a policy which can be reversed at any time by letting interest rates fall—forced the closure of thousands of plants making standardised products by mass-production methods at relatively low unit margins of profit. *Such plants were typically* labour-intensive. This was not due to overmanning. Government has raised their labour costs by 30 per cent or more in terms of foreign currencies.

The average of any set of numbers is increased if the lowest is omitted, though nothing else has changed. This phenomenon almost certainly explains the whole of the increase in productivity since May 1979. The 1979 Census shows that output per head in labour intensive industries is between one-third and one-half of the figure in those which are capital intensive and that within every industry the "productivity" of the lower quartile plan is very much lower than the average. The output figures confirm that the labour-intensive industries have since contracted much more rapidly than the rest and the presumption must be that the same process operated within each industry.

This does not mean that increases in productivity have not been achieved in many cases as a result of increased work loads and improved working practices, but these are not without cost to those concerned and even in the case of BL and British Steel Corporation may well have been considerably less important than new investment (in the case of BL) and the concentration of the reduced output in a small number of modern plants. What has been gained on the factory floor has in many, if not in most, cases been lost as a result of the increase in overhead costs per unit of output. Economic efficiency in the remaining firms may not have increased at all since 1979.

Shaun Stewart.
The Old House, Willards Hill,
Etchingham, E Sussex.

They'll none of them be missed

From Liz Harwood

Sir,—Brian Groom's article (August 17) regarding the activities of the Economic League in providing information to prospective employers about suspected political agitators was disturbing.

The disquieting aspect of the case is not whether the organisation in itself is offensive; but the fact that there are sufficient militants attempting to infiltrate our industries to warrant an agency of this kind.

Liz Harwood,
37 Frenchgate,
Richmond, Yorks.

On the road to Shimoda

From Mr M. Harris

Sir,—I was disappointed and somewhat offended by the article (August 17) by Jurek Martin entitled "Lost weekend on the road to Shimoda." I'm sure it also offended many Japanese—although they would be too polite to say so. It was not the sort of article one expects to find in the FT and shows a complete lack of understanding of the Japanese.

Having lived in Japan for a number of years and having recently re-visited the country as a guest, I would like to comment in particular on: the second paragraph ". . . with occasional unwanted assistance from . . . B-29 bombers . . ." Surely such a remark is unnecessary in 1983?

To state that the Japanese are unimaginative misunderstands the discipline and patience they display and which are necessary to achieve the social balance and development for which they are continually striving.

To state the Japanese are "content with being stuck as a group . . ." (i.e. stuck in a traffic jam) ignores the social courtesy of the Japanese towards each other.

M. J. Harris,
23 Arundel Gardens, W11.

Strange, if not ridiculous

From Mr S. Penwill,

Sir,—Is it not strange, if not ridiculous, that Section 79 of the Companies Act 1980 provides that the secretary of a listed company should be qualified to hold such office, but there is no requirement for a director to have any qualification, despite the greater power and responsibility involved?

S. W. Penwill,
Room 5.23,
76, Shoe Lane, E.C.4.

FINANCIAL TIMES
Monday August 22 1983

Terry Byland on Wall Street

Sorting out the high-fliers

LAST WEEK brought a bout of selling of Wall Street's airline stocks which appeared to reflect some realignment of portfolio holdings by major investors.

The immediate cause for the selling was disappointment among the industry watchers with the latest indications of passenger traffic trends. The mood was not brightened by Eastern Air Line's disclosure at midweek that its losses had increased by 71 per cent in July, compared with the same month last year.

The Dow Jones transportation average slipped by just under 1 per cent over the week. As the transportation average includes the major rail stocks which were firm last week, it understates the fall in airline issues.

The latest bout of selling also reflects wider investment consideration of the outlook for the industry. Airline stocks at first performed well in the bull market. They benefited from the sharp drop in the price of oil, a major cost factor, and have been seeing increasing business and tourist passenger traffic.

However, the stocks have proved vulnerable as the equity market has *run out of steam and doubts have* grown around the industry's pricing policies. Shares in the airlines now stand between 11 per cent and 40 per cent below their 12-month highs – the Dow Jones industrial average is just over 3 per cent off its peak. Many airline stocks are lowly priced and percentage changes can look overly dramatic.

One brokerage house, Oppenheimer, has downgraded its estimates for the industry's revenues and earnings for this year and next. It remains optimistic for a substantial growth in profits for both years but "is not as optimistic as in June" because passenger traffic rose by only 7.5 per cent in July.

This was not only a substantial reduction from June's increase of 10.3 per cent but was below Oppenheimer's own forecasts for July.

The slowdown in passenger growth last month admits of no easy explanation. On the internal routes, there is no doubt that traffic held up well as U.S. tourists flew abroad to spend their dollars at favourable rates of foreign exchange.

At home, however, the outlook is *not quite so clear. Disposable* incomes, consumer confidence and business travel, all significant factors in the airline business, all continue to improve strongly. But U.S. consumers face choices this year between buying new cars, or new houses or flying away for a summer vacation and it is not yet clear which they prefer.

More significantly from their earnings viewpoint, the U.S. domestic airlines have not always been able to reap the benefit of a generally higher price structure which, it was believed, would put an end to the suicidal price cutting wars of previous years.

The latest indications are that fare discounting is still widespread on the domestic routes and has savaged the profitability of some of the smaller airlines.

Because of fare discounting, the industry's yield per passenger mile has been tumbling this year.

The recent round of quarterly results showed only too clearly the split between the domestic discounters and the international passenger carriers.

Pan American World Airways, a major beneficiary from the tourist rush, turned an operating loss of $44m into a profit of $46.5m in the second quarter. But at the other end of the scale, Delta Airlines which flies into 82 U.S. cities and only six foreign ones, paid the penalty for its doubtful role as king of the discounters

Competition on the domestic routes has been difficult this year. Ever since American Airlines, number two in the home list, obliged the others to follow its new rate structure, introduced in April. American has been able to improve its yield per mile and turned in a healthy $57.1m operating profit for the second quarter, a more than threefold increase.

Discounting is not the only problem for the airlines. In an industry with a past reputation for glamorous wage levels, American and Pan American have earned extra investment kudos from their early moves to negotiate new employee agreements. Eastern, on the other hand, paid heavily to end its machinists' strike in April while both Delta and Republic Airlines are seeking now to cut labour costs.

Against this background, it is not surprising that selling of airline stocks has been selective. Pan American remains only 11 per cent of its peak, whereas Eastern fell sharply last week and 15 now 42 per cent below its twelve month high. Delta Airlines 41 per cent off its peak, *has been removed from Op*penheimer's list of recommended stocks.

Oil companies satisfied with reduced stocks

BY RICHARD JOHNS IN LONDON

OIL companies show no signs of rebuilding inventories on a substantial scale after a two-and-a-half-year period during which they have progressively run them down.

The industry's apparent satisfaction with the reduced level, despite *the approach of winter*, can only tend to dampen the Organisation of Petroleum Exporting Countries' hopes that market conditions might justify its raising the present ceiling on production of 17.5m barrels a day which was breached in July, by up to 1m b/d.

Late last week Dr Mana Said al Otaiba, United Arab Emirate's Minister of Oil and chairman of Opec's market monitoring committee, struck a sober note on the crucial issue. He said Opec would maintain the present limit "unless market prices go up and necessitate an increase."

Royal Dutch Shell has said that inventories are probably down to the "prudent minimum" and the process of destocking, seasonal adjustments apart, is clearly at an end.

Oil companies generally feel comfortable with the lower level reached after a reduction in commercial stocks averaging – according to the International Energy Agency's calculations – nearly 650,000 b/d in the 30 months to mid-1983.

The foremost reason for minimising them is the strength of the dollar, the currency in which oil prices are denominated. The industry also appears to require less stock, after *taking into account the dangers of* supply disruptions, than it did a few years ago because of storage and transportation improvements.

At the beginning of July, commercial stocks amounted to 85 days' forward consumption compared with 70 days in the spring of 1979 when panic buying and the second price explosion started.

The IEA considers the situation a satisfactory one which does not require a rebuilding of inventories.

Largely as a result of an increase in the strategic stocks of governments, the total on land in IEA member states amounted to 97 days' forwards consumption (388m tonnes) at the beginning of July compared with 103 days (411m tonnes) a year earlier.

In its most recent oil market report, the IEA estimated, on the basis of preliminary data, that stocks on land would rise only 300,000 b/d in July and August. The bulk of that would probably be accounted for by governments, according to officials of the 21-member, Paris-based agency.

In the event, the increase for the second quarter might amount to 500,000 b/d or even as much as 1m b/d, according to industry estimates. But for the third quarter a rate of 1m b/d, when adjusted on a seasonal basis would technically constitute a drawdown. Commercial stocks on land were reckoned to have risen at the rate of 500,000 b/d in the July-September period of 1982.

France continues Chad build-up with dispatch of aircraft

BY DAVID MARSH IN PARIS

FRANCE, in a fresh move to dissuade further advances by Libyan-backed rebels in Chad, has sent fighter aircraft into the embattled central African country for the first time since fighting broke out at the end of June.

Eleven planes from the French air force – six Jaguar fighter-bombers, four Mirages and one refuelling aircraft – yesterday flew to the airport of the Chad capital N'Djamena to assure air cover for about 1,000 French troops now dug into strategic positions in the south of the country.

No fighting has been reported during the last week, which has seen almost continuous French reinforcements of men and war material for the Government of President Hissène Habré. But Mr Habré said at the weekend, in a joint press conference with President Mobutu of Zaire, that clashes could be imminent. Rebel forces now holding the north of the country were preparing to move south, he said.

French aircraft have been sent in a "dissuasive" capacity, according to *the Paris Government*. They amount, however, to a further escalation of France's military role in the conflict.

Partly because of embarrassment over an apparent revival of France's gendarme role in Africa, and partly for reasons of military security, the French Government has been trying to keep a low profile over its growing involvement in the Chad war. But President François Mitterrand, probably this week, is due to give a newspaper interview explaining the reasons for the military build-up.

France maintains that its military response in Chad is designed to keep the door open for peace talks involving all the rival factions in the country and its neighbours, including Libya. In a French magazine interview published at the weekend, Sudanese President Nimeiry called for armed intervention by both the U.S. and French Governments to help to counter Libya's *drive into Chad.*

Only two weeks ago, M Charles Hernu, the Defence Minister, ruled out any immediate direct intervention in the war. Now, with the air force as well as at least 2,500 men (both in Chad and in the neighbouring Central African Republic) in*volved, the show of strength has be*come equal to or greater than any French military operation outside Europe since the Algerian war ended more than 20 years ago.

The Defence Ministry yesterday refused to comment on the arrival of the fighter aircraft – which have been vehemently requested on several occasions by M Habre to help to defend government positions – but said the process of troop reinforcement had ended for the moment.

President Mitterrand, in his newspaper explanation, intends to give some idea of France's plans for a diplomatic solution to the conflict, and also to dwell on some of the sources of discord between Paris and Washington over the affair.

Last week he was reported to be "irritated" at American pressures over Chad. M Mitterrand is thought to have been further irked by the comment last Thursday from Mr Caspar Weinberger, the U.S. Defence Secretary, that France had fully backed the American decision to send Awacs electronic surveillance aircraft to the region two weeks ago. M Mitterrand has complained he heard of the Awacs move only from reading the newspapers.

*With France still deep in the holi*day season, and the National Assembly in recess, domestic reaction to the French build-up remains fairly low-key.

$200m loan deal debut for Hungary

By Margaret Hughes in London

THE PROPOSED $200m commercial bank loan for Hungary has been fully underwritten and goes out to general syndication today. The loan is the first example of the new formula for World Bank co-financing in which the bank participates in a syndicated loan. Previously World Bank and commercial banks' loans for the same project were undertaken in parallel.

With other World Bank loans for the projects involved, it also marks Hungary's debut as a World Bank borrower.

The commercial bank loan is being arranged by the Arab Banking Corporation, which says the World Bank has confirmed its 15 per cent participation, amounting to $30m. The remaining $170m has been underwritten by a lead manager group of eight banks. These are Algemene Bank Nederland, Bahrain Middle East Bank, Bank of Nova Scotia, IBJ International, Longterm Credit, Bank of Japan, Tokai Bank and Svenska Handelsbanken.

Longterm Credit Bank of Japan is acting as co-ordinator for the Japanese share of the loan, which is expected to be in the market for two weeks with lead managers aiming for a 40 per cent to 50 per cent sell down to other banks.

The loan has a London Inter Bank Offered Rate (Libor) tranche with a margin of 1¼ per cent and a prime tranche with a margin of 1 per cent. Participating banks can take any combination of the two. There is a 1⅛ per cent front end fee.

The commercial banks' part of the loan will be repaid over six years and the World Bank portion over eight years. There is a grace period of three years.

The loan will be split between two projects, a $313m grain storage and agricultural mechanisation scheme and a $309m energy diversification and conservation project.

The overall financial package includes a $236m direct World Bank loan as well as World Bank co-financing in yen, again on the new formula being arranged by Longterm Credit Bank of Japan and Fuji Bank. This will be for Y11.5bn ($47m) to which the World Bank will, as in the Arab Banking Corporation loan, be contributing 15 per cent or Y1.5bn.

Fuji Bank will be co-ordinator for a floating rate tranche of Y5bn and Longterm Credit for a fixed rate portion of the same amount for this seven-year loan.

THE LEX COLUMN

Putting a price on earnings

The comparison of company ratings in the UK has been a hit and miss task for investors in recent years. The standard measure emerged in the mid-1970s as the fully-taxed price/earnings ratio, in which the pre-tax profit figure is subjected to a notional 52 per cent charge. This measure has been preferred to the net profit announced by companies after a tax charge which they themselves have assessed.

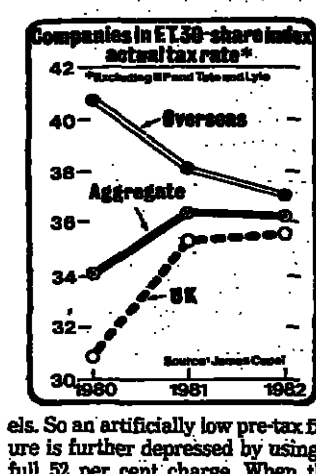
In a high inflation regime, which forced governments into a series of ad hoc adjustments to the corporation tax system the actual tax rates have often been arbitrary both between different companies and within the same company over different years.

At least the standard 52 per cent rate introduced a degree of conformity, even though the rate was usually much higher than that paid by the typical company. Indeed, since a good proportion of companies' profits were exaggerated by inflation, a measure that reduced the earnings figure was, if anything, a valuable pointer for investors.

However, the correct application of the full tax charge is, in practice, an extremely complicated process for a wide range of companies. To arrive at the "fully taxed" figure, minority interests must be subtracted as well as the 52 per cent charge from the pre-tax figure. Yet the figure for minorities is presented in company accounts on an actual tax basis. So a crude calculation would include apples of the 52 per cent notional charge and pears of the actual tax rates.

The distortions potentially introduced are particularly wide where minorities in overseas low tax countries are involved, such as Cable and Wireless's Hong Kong subsidiary. The minority figure has suffered only a 15 per cent tax charge, yet risks being subtracted from the profits of the majority holding which have been subjected to the full 52 per cent. Unfortunately, the difficulty of making the necessary adjustments means that very few analysts even make the attempt to do the calculation correctly.

In a sector like banking, the use of the full tax charge looks simply perverse. Now that the clearers are turning over a near-mature leasing portfolio – at rates well below those in the money market – the pre-tax *figure is effectively being depressed* to produce a benefit at the net levels. So an artificially low pre-tax figure is further depressed by using a full 52 per cent charge. When the banks climbed on to the leasing bandwagon, they cannot have realised the implications for their future cost of equity capital.



These complications are among the reasons that the full tax charge has become unfashionable over the last couple of years. Instead, more emphasis has been placed on the yield – a trend followed by this column. But as a basis for comparison, the yield too has its limitations, since companies have very different policies on retentions.

Quite a few broking analysts are beginning to pay the actual tax p/e renewed attention. The cynical might argue that this is only because it is easier to work out and produces a lower p/e ratio to justify the market's present heights. But that looks unfair. Perhaps the most important practical reason for tak*ing the actual tax figure seriously is* that this is the measure used in the U.S. – not to speak of the rest of the world – and it has been U.S. investors who have been driving up the price of selected UK blue chips in recent months. Any UK investor who has looked at the domestic market with U.S. eyes this year has been at an advantage.

At the same time, the actual tax charge looks like becoming a more stable figure. In the last two years it has been distorted by the changed stock relief rules. This meant that tax deferred for years under the original scheme became an outright gift, treated by companies in a variety of ways. Many set the windfall against the current year's tax charge, producing an abnormally small liability or even a credit.

That process has more or less *come to an end. At the same time* the capital allowances system looks fully run-in, with the leasing industry approaching maturity. Inflation has come down to lower levels, so its arbitrary impact on the allowances should diminish. An emerg*ing element of consistency in* company tax bills makes it difficult to argue against incorporating them in comparisons based on earnings. After all, companies have to pay out tax bills in real cash, reducing resources available to finance, among other things, the dividend.

*Research by James Capel indi*cates that, in spite of the stock relief change, the tax charge has in fact been surprisingly stable in recent years (see chart). There are wide variations for different companies, but most of the stocks in the FT 30-share index show a degree of consistency in the charge over succeeding years.

There are, nevertheless, still a number of obstacles to whole-hearted acceptance of the actual tax figure, of which the most important is the different ways companies account for deferred tax.

Company boards have discretion over their tax bills in two other important directions. The timing of capital spending can be used to manipulate the tax charge in any single year. But the room for manceuvre is limited by the pressure on companies to maintain a smooth progression in capital spending; otherwise they risk facing a sharp clawback in a subsequent year.

Meanwhile, for as many as two-thirds of industrial companies, the dividend pay-out is a more impor*tant determinant of the size of the* tax bill than the profits, due to the backlog of tax losses. But given the tradition of consistency in UK dividend payments, variation in earnings due to dividend decisions should not produce substantial distortions.

Investors are more interested in prospective than past profits – so a switch to the actual tax basis would require estimates of future charges. Getting the tax rate right is an important part of an analyst's job in New York, and in practice this is an area in which companies are prepared to provide a lot of help. A slow switch to the actual tax charge is already under way, although it will take time for many investors to adjust to the new approach. In the present more stable tax environment, this column at least will be *paying more attention to the mea*sure.

Latin America faces further 1983 decline

Continued from Page 1

either out of work or underemployed.

Since the start of this year – unemployment has risen significantly and countries such as Costa Rica, Uruguay and Peru have double digit open unemployment rates – *which does not include disguised* unemployment – while the IADB says that Chile is "facing a critical situation with unemployment more than doubling to over 20 per cent" since 1981.

Although the region showed a trade surplus of $7.7bn in 1982, its *first sizeable surplus for many* years, its balance of payments situation worsened considerably and foreign exchange reserves fell $12.8bn or close to a third. The loss of reserves is described as "unprecedented in the last four decades."

The trade *surplus was oversha*dowed by a $41.5bn deficit on the region's services account reflecting higher debt servicing costs. In addition, net capital inflows dropped by around a third to $29.3bn.

The region's exports fell 9.8 per cent to $88.7bn in 1982 – and imports slumped by about a fifth to $81.1bn as the various countries undertook their economic adjustment programmes.

Pilot scheme set up for Tokyo gold market

Continued from Page 1

gold, *or* about 15 per cent of world production.

The scheme now under way suggests that a Tokyo gold market could develop along similar lines to the London market, in which a price is fixed among participating dealers which balances *the buy and sell orders being* carried on the dealers' books. The four Japanese firms co-operating in the Rothschild scheme are Tanaka, Sumitomo Corporation, Mitsubishi Metals Corporation and Mitsui and Company.

If the scheme is successful *four other Japanese traders* are expected to join the market. Rothschild is also expected to invite the co-operation of other international bullion houses represented in the Far East. Britain's Samuel Montagu and Republic National Bank of New York have *already been approached.*

Under the terms of the informal pilot scheme Rothschild has agreed to fix with the Japanese traders a yen-denominated buying and selling price for gold in lots of a 50-kg minimum. The Japanese traders for their part *offer to deal with Rothschild in* lots of a 10-kg minimum. With each party agreeing to a minimum of one such trade each day, the scheme is seeing a typical daily trading volume of 40 to 200 kgs of gold.

Mr Peter Johns, a director of Rothschild's Hong Kong office, believes a Japan-based gold market would attract both speculative and end-user interest, and *would prove a mutually-benefi*cial counterpart to the gold futures market already operating in Tokyo.

A Tokyo spot market could also provide international gold traders with arbitrage opportunities, taking into account local *price fluctuations and differing* contract specifications.

The London market trades gold of 99.5 per cent purity in U.S. dollar-denominated troy ounce contracts. Hong Kong's gold and silver exchange uses Hong Kong dollars as its trading *currency, and measures gold in a* Chinese weight, the tael. The Tokyo market would quote yen prices for gold of 99.99 per cent purity in metric weights.

While the backers of the pilot scheme do not see any specific official obstacles to setting up a *Tokyo gold market, discussions* are likely to be held soon with relevant Japanese ministers with a view to securing their approval.

Thorn EMI in IBM personal computer deal

By Alan Cane and Jason Crisp in London

ELECTRONICS at the heart of the European version of IBM's immensely succcessful personal computer (PC) are being manufactured by Thorn EMI, the British electronics group, at its Ferguson factories.

IBM said last week that it had contracted Thorn EMI to supply printed circuit boards for the personal computer. The contract has been running for several months and will be reviewed at the end of a year. All personal computers coming out of IBM's Greenock, Scotland, factory are fitted with the Thorn EMI boards.

The Thorn EMI contract mirrors IBM's manufacturing arrangement for the personal computer in the U.S. where most of the components are supplied by outside vendors. Only the keyboard is manufactured by IBM itself.

IBM said the UK company had won the contract on competitive pricing. Ferguson has a high reputation for the quality of its TX colour television sets and the efficiency of its automated manufacturing lines. Industry sources say it was this expertise in advanced electronics which won the company the IBM contract.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	28	82	Dubrovnik	S	28	82	Malaga	S	26	79	Salzburg	S	26	79
Akrotiri	S	29	84	Faro	-	—	—	Malta	C	27	81	Seoul	C	25	77
Algiers	S	29	84	Florence	C	32	90	Manila	S	33	91	Singapore	C	31	88
Amsterdam	C	23	73	Frankfurt	S	28	82	Miami	S	31	88	Stockholm	S	26	79
Athens	F	29	84	Funchal	S	22	72	Milan	S	28	82	Strasbourg	F	27	81
Bahrain	S	40	104	Geneva	C	22	72	Moscow	F	18	64	Sydney	S	18	64
Bangkok	S	32	90	Gibraltar	S	21	70	Munich	S	26	79	Taipei	C	34	93
Barcelona	S	27	81	Guernsey	R	17	63	Nairobi	-	-	-	Tangier	S	24	75
Beirut	C	29	84	Helsinki	F	21	70	Naples	S	30	86	Tehran	-	-	-
Belgrade	S	30	86	H Kong	R	27	81	New Delhi	C	34	93	Tel Aviv	F	29	84
Berlin	S	27	81	Innsbruck	S	27	81	New York	S	38	100	Tenerife	S	28	82
Biarritz	C	22	72	Inverness	S	19	66	Nice	S	27	81	Tokyo	C	25	77
Blackpool	F	22	72	Istanbul	S	26	79	Oporto	C	20	68	Toronto	S	30	86
Bordeaux	F	24	75	Jersey	F	19	66	Oslo	S	24	75	Tunis	-	-	-
Brussels	F	23	73	Jo'burg	-	—	—	Paris	C	22	72	Valencia	S	28	82
Budapest	S	29	84	Las Palmas	C	24	75	Prague	S	27	81	Venice	S	27	81
B. Aires	S	11	52	Lima	S	22	72	Reykjavik	R	8	46	Vienna	S	28	82
Cairo	S	32	90	Lisbon	C	24	75	Rio de J'o	R	24	75	Warsaw	S	26	79
Cape Town	-	—	—	Locarno	S	24	75	Rome	S	28	82	Zurich	S	24	75
Caracas	-	—	—	London	C	22	72								
Casablanca	C	25	77	Los Angeles	C	28	83								
Copenhagen	S	23	73	Luxembourg	F	20	68								
Corfu	S	30	86	Madrid	S	28	82								
Dublin	C	19	66	Majorca	F	28	82								

Readings at mid-day yesterday.

C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Aquino assassinated

Continued from Page 1

Taiwanese airline which brought Mr Aquino from Taipei, was told it could no longer land in Manila.

In an interview before he left the U.S. Mr Aquino spoke of the charges against him and of his proposed return. He said: "I am ready to be shot. I am ready to go to jail, or be shot. Only death can stop me now."

For President Marcos, who remains dominant despite his lifting *of martial law in 1981, it is the ail*ing economy and his own reported ill-health which could be the real threat to his continuation in office. Last week, he was forced to cut short a planned period of seclusion because of growing rumours that he had had an unsuccessful kidney transplant.

In his statement last night, he condemned, "in the strongest possible terms," the slaying of Senator Aquino. The Government, he said, would apply "all its resources and powers" towards "unearthing every and all aspects and bringing the perpetrators to justice."

He also warned "opportunistic elements" against trying to take advantage of the situation.

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SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Monday August 22 1983

Brazil faces fresh crisis as interest arrears touch $2bn

BY MARGARET HUGHES IN LONDON

THIS PAST weekend has been another critical one for Brazil. The surprise visit to France of Sr Antonio Delfim Netto, the country's Planning Minister, to meet M Jacques de Larosiere, managing director of the International Monetary Fund (IMF) while the latter was on vacation was dictated by Brazil's rapidly worsening short-term liquidity crisis.

Brazil is now some $2bn in arrears on its interest payments. This is a far greater worry to bankers than the rescheduling of principal because it heightens fears that the country may go into default or at the very least declare a moratorium on its interest payments.

Brazil is the world's largest debtor nation, owing more than $90bn to foreign creditors. The recent rise in interest rates has increased the burden of servicing its debt. A 1 per cent rise in interest rates adds another $510m to the cost of interest payments. Without an injection of funds its arrears are likely to increase sharply in the remaining months of this year when more debt falls due. In 1984 its interest payments will be substantially higher than the $12bn due this year.

In addition to interest arrears, Brazil is committed to increasing its reserves by some $500m by the end of this year as part of its programme with the IMF. By the end of this month it will also have two repayments of $400m outstanding to the Bank for International Settlements (BIS) on its $1.45bn bridging loan due to run out in November. The BIS is expected to allow delay in repayment of this second installment before being repaid the first until such time as Brazil gets its money from the IMF. By the end of this month Brazil will have missed two $411m tranches of its IMF loan of $4.9bn.

Although its trade surplus this year has so far exceeded forecasts, largely due to a sharp reduction in imports, it takes time for the money which Brazil earns from exports to come through. Yet increasingly, it is having to pay promptly for its imports. Just recently, for instance, its main oil suppliers tightened their credit terms to Brazil.

An indication of the severity of the Brazilian crisis was its formal approach last week to the Paris Club to seek rescheduling of its government to government debt, some $1.7bn of which falls due this year and next. Estimates of the total amount owed to or guaranteed by governments varies from $7bn to 14bn. Brazil has suspended payments and its government to government debts pending its Paris Club negotiations.

Even after reaching agreement with the IMF it will be some time before the overdue IMF installments are disbursed. The revised economic package has first to be approved by the full IMF Board and by the Brazilian Congress which could take until October. But agreement between Sr Delfim Netto and M de Larosiere will be enough for the commercial banks to resume their negotiations with the Brazilians to tackle phase two of the rescheduling programme.

This would involve the unblocking of the $4.4bn loan agreed by the banks last February (Brazil has so far received about half the amount, the rest was due to be drawn in installments of $633m in June, September and December)

Brazil must find an estimated $3.6bn to cover its needs for the rest of this year and another $5.6bn to $6.6bn for next year and is looking to commercial banks to provide $6bn of this and the rest from international institutions.

It needs the funds to finance its current account deficit and meet its interest payments but this estimate is based on a $9bn trade surplus in 1984 which would be 50 per cent up on this year's target for the amounts needed could be higher.

INTERNATIONAL BONDS

Dealers scent a modest rally

BY MARY ANN SIEGHART IN LONDON

AFTER weeks of doom and gloom in the Eurobond market, it finally happened – a rally. Not the most convincing upturn, maybe, but enough to send a quiver of optimism through the market, and perhaps even enough to get the new issue bandwagon rolling again.

After one good set of U.S. M-1 money supply figures, the New York bond market ticked up and set the momentum going for the Eurodollar market to follow suit. Volume increased all through the week until Friday – when the market had its usual attack of money supply nerves – and dealers reported buying interest from retail investors for the first time in two months.

Prices in the dollar secondary market rose by about 2½ points on the week fuelled by the U.S. Treasury market, but dealers were still not convinced that the rally would last.

On Friday, the market was extremely nervous ahead of the end-of-the-week M-1 figures from the U.S. Volume fell dramatically from Thursday's impressive levels and prices drifted off by about ½ point.

But the figures themselves should reassure both dealers and investors. M-1 fell $500m to a seasonally adjusted $510.9bn in the week ended August 10. Forecasts had ranged from up $1bn to down $1bn so the actual result should maintain the optimistic mood.

M-1 is still outside its target range, therefore, few people are convinced that the Fed does not intend to tighten monetary policy further by increasing interest rates. But if the rises remain modest, as they have in the last couple of weeks, there may be hope for a little more activity in the market, both from investors and borrowers.

Eurodollar new issue volume in the last three months has been extremely low, and last week was no exception. Only $130m worth of bonds was launched, all of them convertibles.

The two $50m deals attracted very different market responses. First to come to the market was USAir, on Monday, with a 15-year bond, priced at par and paying 7 per cent. Lehman Brothers, the lead-manager, fixed the price on the day of issue, which is unusual for a convertible. This proved unfortunate as the stock price fell, and the bond ended the week at a price of just under 96.

The Elektrowatt deal was more of a success, however, though not the "blow out" that some new issue managers expected. Led by Credit Suisse First Boston, the 15-year bond will carry a coupon of 5–5¼ per cent and a conversion premium of 2–5 per cent. As expected of a Swiss company, the bond proved popular with Swiss investors and traded around par.

Are these the forerunners of a spate of new issue activity to come this week? The answer hinges on the confidence of the market.

This week should start well. Like last Monday, the Eurodollar market has to catch up with New York's reaction to the money supply figures. Late on Friday afternoon, the new long bond rose ¾–1 point to close at around 102⁵⁄₃₂.

However, two money-supply swallows don't make a summer, and many new issue managers are still cautious about the strength of the rally. If it arose from dealers talking each other up or covering their short positions, it will not necessarily be sustained. Only when the retail investors come in seriously will there be scope for new issue activity to recommence in earnest.

It will be difficult to judge true retail interest for another two weeks or so. Now, in August, many investors are still on holiday and next Monday is a bank holiday in Britain.

Several of the London-based fund managers that were around last week seemed, however, less enthusiastic than many dealers. One claimed he had bought no Eurobonds at all during the week. "We just sat back and have been pleased to see our portfolio appreciating," he said. He wanted to see evidence of a more sustained rally before re-entering the market.

Another dealer thought this rally would be short-lived "because of the very heavy U.S. Government funding requirements in the fourth quarter and the likely rise in corporate borrowing."

Even if retail investors are not altogether confident, though, there is hardly an oversupply of new issues at the moment. Friday's money supply figures will probably induce several houses to go ahead with client's borrowing plans. Among those rumoured to be in the market this week are Caisse Nationale des Telecommunications with a fixed-rate, eight-year bond and Long Term Credit Bank of Japan, which is next in the Japanese bank queue.

Market sources also suggest that there will be an issue of 100,000 three-month EuroTreasury warrants to buy the old U.S. Treasury long bond – the 10⅜ per cent of 2012.

Markets in Europe were quieter than their dollar counterparts last week. In Germany, there was just one small new issue – a DM 30m private placement for Ryobi, the Japanese diecasting company. A weak U.S. dollar and the rallying New York market helped prices in the D-Mark sector to rise by about ¾ of a point.

In Switzerland, too, new issue volume was very low, but prices in the secondary market rose by over ½ a point.

Hong Kong bankers count the cost of ill-judged loans

BY ROBERT COTTRELL IN HONG KONG

SQUEEZED badly by the collapse of the property market over the past 12 months or so, Hong Kong's bankers are now counting the cost of imprudent loans. Here is a look at the way some banks have dealt with the problem.

Bank Bumiputra Malaysia (BBM): BBM's Hong Kong subsidiary, Bumiputra Malaysia Finance, was one of the most aggressive lenders into the Hong Kong property market, and is particularly heavily committed to three local developers now having problems – Eda, Carrian, and Mr Hsu.

BMF's loans to these three parties are estimated to total more than US$300m. BMF's Hong Kong loan book totalled HK$5.2bn at year-end 1982, funded largely by a HK$4.2bn credit line from BBM. BMF's auditors noted in its 1982 accounts that BBM had guaranteed its subsidiary against customer insolvency.

Barclays: Barclays Asia, regional merchant banking arm of the British clearing bank, reported profits after tax for 1982 of HK$2.9m, against the previous year's HK$23.3m. Barclays Asia noted in its 1982 accounts that its HK$790m loan book included "certain loans…which may prove irrecoverable" and said that its parent would either make good losses on these loans directly or cover losses by subscribing for new Barclays Asia shares.

Hongkong and Shanghai Banking Corporation: Hong Kong's largest financial institution, the HSBC appears to have its share of doubtful property loans. Particularly heavily exposed is the HSBC's wholly-owned merchant banking arm Wardley, which nonetheless reported net profits for 1982 of HK$164m, down from HK$201m

Lloyds: Problems experienced by Lloyds Bank International in Hong Kong have been revealed not by LBI's accounts, but by extensive litigation against debtors. LBI has issued some 80 writs over the past year, many of them directed against members and associates of the Lo's, a local family whose interests includes stakes in Great Eagle, the developer, and Lo's Mee Kwong, the textile company.

Claims so far filed against the Lo's are estimated to top HK$100m. Also named in LBI's suits is Mr Victor Folch Vernet, its former Hong Kong manager, who LBI has claimed was associated with some of the Lo's ventures. Mr Floch Vernet has denied this charge, while members of the Lo family are counter-suing LBI.

CURRENT INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Lead Manager	Offer yield %
U.S. DOLLARS							
USAIR §‡	50	1998	15	7	100	Lehman Bros.	7.000
ELEKTROWATT §	*50*	*1998*	*15*	*5–5¼*	*100*	*CSFB*	–
FERROFLUIDICS §***	30	1990	7	–	99	Bque Gutzwiller, Kurz Bungener	–
D-MARKS							
RYOBI Ltd. **¶	30	1988	5	5¾	*	DG BANK	–
CANADIAN DOLLARS							
FARM CREDIT CORP. ‡	50	1990	7	12¼	100	Wd. Gundy, Nomura SBC, Intl. Soc. Gen. de Bque.	12.250
SWISS FRANCS							
Prov. of Newfoundld. ‡	100	1993	–	5¾	100	UBS	5.750
*HAZAMA-GUMI **¶‡*	*50*	*1988*	–	*4⅜*	*100*	*Paribas (Suisse)*	*4.375*
S.B. GENERAL LEASING **¶	15	–	–	6	99½	Banca del Gottardo	–
STERLING							
GIROZENTRALE ‡	30	1993	10	12¼	100	County Bank	12.250
YEN							
INDONESIA ‡	10 bn	1989	–	8½	99.80	Nomura	8.539

* Not yet priced. ‡ Final terms. ** Placement. † Floating rate note. ∅ Minimum. § Convertible. ¶ With warrants. *** Secured by trust of zero coupon bonds. Note: Yields are calculated on AIBD basis.

U.S. BONDS

Confidence returns on signs that rates have peaked

THE U.S. credit markets are in a more confident mood ahead of this week's meeting of the U.S. Federal Open Market Committee (FOMC) than many thought possible a couple of weeks ago.

The signals coming out of the U.S. economy are still confused but there are clear signs that U.S. monetary growth is slowing, encouraging a belief that U.S. interest rates, in the short-term at least, may have peaked.

Given the sharp rise in the Fed funds rate since May and the near two percentage point rise in long bond yields, the bond markets are hoping that the U.S. monetary authorities will accept that inerest rates are high enough for the time being to cool off the economy without the need for further tightening of the monetary screws.

Nevertheless the credit markets' new found confidence can easily evaporate as the events of the last couple of weeks have shown. The recent sharp rally in U.S. bond prices was fuelled by the release of the July retail sales figures (which showed a modest fall) and surprisingly good money supply figures for the first week of August. Prior to these announcements the Fed funds rate had been hovering around 9¾ per cent and the recently issued long bond, Treasury 2013 carrying a 12 per cent coupon, had been standing at 98¾.

The previous week's rally continued early last week as interest rates headed lower. The average yield on 13 week Treasury bills at the weekly auction last Monday fell 14 basis points to 9.43 per cent, for example. But as the week drew to a close it was clear that the market was becoming increasingly uneasy. Perhaps dealers had been over optimistic about the downward course of interest rates? On Thursday these fears were translated into a sharp fall in bond prices with the long bond shedding almost a point, and a 13 basis point rise in short-term interest rates.

Last Friday the setback in the U.S. credit markets continued, fuelled by rumours that the previous week's money supply figures would be revised upwards and the latest figures would also show a nasty increase. In the event the reverse was true.

The basic money supply, M1, fell by $500m in the week ending August 10 and the previous week's figure was revised downwards by $200m. The result was that bond prices, which at one stage had been half a point down on Friday, rebounded and the Treasury long bond, for example, ended the day ⅝ points higher at 103⅜. Similarly the yields on three-month Treasury bills also fell by roughly ten basis points to 9.22 per cent.

The latest M1 figures still leaves the money supply slightly above the Fed's recently revised growth targets, but with the broader money measures, M2 and M3, comfortably within target and M1 exhibiting a marked deceleration for the second week running, market confidence has improved.

While the money supply figures are boosting confidence in the U.S. credit markets the stream of economic data still leaves analysts unclear about the strength of the U.S. economic recovery and hence makes it more difficult for them to anticipate the response of the monetary authorities.

This week the flow of economic data which could upset the credit markets is limited and the main interest will be in watching for clues to the outcome of the FOMC meeting. Most people believe that the committee will opt to maintain its current degree of restraint.

William Hall

U.S. INTEREST RATES (%)

	Week to Aug 19	Week to Aug 12
Fed funds wkly aver	9.67	9.66
Three-month CDs ...	9.70	9.90
Three-month T-bills .	9.30	9.41
30-year Treas bond...	11.68	11.97
AAA Utility	12.63	12.98
AA Industrial	12.50	12.88

Source: Salomon Bros (estimates).
In the week ended August 10 M1 fell by $500m to $516.9bn.

Dome Petroleum interim shows further recovery

BY NICHOLAS HIRST IN TORONTO

DOME PETROLEUM, the financially troubled Canadian resources group currently negotiating a major rescue package, reports a loss of C$78.8m (U.S.$64m) for the first half of 1983.

But the loss was struck after a write-down of C$97.9m in the value of its U.S. oil and gas properties. Moreover the company says the results continue to reflect the "encouraging improvement." in performance begun last year.

For the first half of 1982, Dome lost C$103.2m. For 1982 as a whole, the company ran up a net loss of C$55.3m, before disposal and asset write-down losses of C$314m.

Excluding the write-down and an unrealised exchange gain in the second quarter of this year Dome made a profit—C$5.4m, compared with a loss of C$33.4m in the corresponding period.

Thus Dome's financial position continues slowly to improve. Against this background it has been searching for alternatives to the C$1bn rescue package it agreed in principle with its four main Canadian lenders and the Canadian Federal Government 11 months ago.

A final package is expected to be put in place after the company's new chairman and chief executive, Mr J. Howard MacDonald, presently group treasurer of Royal Dutch Shell, joins the group at the start of October.

The company is concerned to achieve a deal that will avoid the massive dilution of the shareholders' equity involved in the original package. That package leaves the Canadian banks and the Federal Government in effective control of the company.

Dome's long term debt at June 30, was C$6.3bn—down from C$6.5bn at the end of 1982, and a peak of C$7.1bn in April 1982.

Wider debt role seen for banks

BY PAUL CHEESERIGHT IN BRUSSELS

INTERNATIONAL financial institutions will have to shoulder a greater part of the burden in financing developing countries, providing long-term funds through direct investment and bond issues.

Banque Bruxelles Lambert has drawn this conclusion after an examination, just published in its financial bulletin, of the debt problems of developing countries and the international banking system.

Over the longer term the financing of debtor countries will have to be undertaken in a form other than bank credits. With greater involvement from the international institutions, the role of bank credits will diminish, the bank suggests.

At the end of last year, according to the International Monetary Fund, developing countries' medium and long-term debt totalled $529bn. Charges in 1982 were $95bn.

Heavy demands for restructuring national debt, notably from Latin American and East European countries, caused grave worries in the international banking system last year.

Although the atmosphere of crisis has gone, BBL notes that the measures taken to avoid a crisis are provisional. It is now necessary to seek a longer term solution to the problems of solvency, it says.

Rumasa customers run down deposits

By David White in Madrid

BANK customers of the Rumasa group, which the Spanish Government expropriated in February after a long-running battle between the group's management and the financial authorities, withdrew almost $500m worth of deposits during the first half of this year, according to official figures.

Figures for the 18 banks listed in the expropriation decree show that the total of deposits in pesetas and foreign currencies fell by over 12 per cent between the end of last year and June 30 this year to Pta 513.5bn ($3.43bn) after sharp month-to-month fluctuations.

The decline underlines the problematical situation of some of the smaller banks as the government prepares for negotiations on the return of Rumasa banking and industrial interests to the private sector.

The largest and most independent of the banks previously controlled by Rumasa, Banco Atlantico, has lost almost 9 per cent of its deposits, which stood at Pta 173bn at the end of June.

The group of banks showed a heavy run on deposits in March, when they lost Pta 76bn, a partial recovery in April, further losses in May and an inflow of Pta 10.6bn in June.

Italian state group heads for peak loss

BY RUPERT CORNWELL IN ROME

ISTITUTO per la Ricostruzione Industriale (IRI), the debt-ridden Italian public sector conglomerate, is likely to incur record losses this year of over L3,000bn ($1.9bn), higher than 1982's L2,672bn, and greater even than the L2,977bn deficit of 1981.

These bleak figures, which show how hard it has proved thus far to convert longstanding promises of improvement at IRI into fact, were revealed at the weekend by Sig Romano Prodi, the organisation's chairman.

Sig Prodi, who has embarked on a major overhaul of IRI's management structure, identified the two main problem areas as shipbuilding and above all steel, which alone accounted for more than half of the total 1982 loss.

In a clear reference to the fierce debate in progress over the needed cuts in the operation of Finsider, IRI's steel division—as demanded by the EEC Commission in Brussels—Sig Prodi declared in a radio interview that "sadly, some plants will have to be closed."

"It's pointless" he continued, "to pretend that this state of affairs does not exist." Those big cities which hoped to continue living mainly off the steel industry have to realise they could no longer do so, Sig Prodi said.

Bumper profits for Danish banks

BY HILARY BARNES IN COPENHAGEN

DANISH banks are emerging from the first six months of 1983 with some eye-catching profits, thanks in part to the way the Danish capital markets have taken off this year.

Jyske Bank reports an increase in the first-half operating profits from DKr 14m to DKr 59m ($62m). In addition, adjustments to the value of the securities portfolio boosted earnings to another DKr 918m. The bank's share price has increased from DKr 263 at the end of last year to DKr 530.

SDS, Denmark's largest savings bank, increased first-half operating profits by 39 per cent from DKr 180m to DKr 250m, with the adjustment for the value of securities portfolio adding a further DKr 1bn to earnings. The bank's balance sheet total increased to DKr 36bn by June, 1983.

Andelsbanken increased operating profits by DKr 15m to DKr 110m with an increase in the portfolio value adding a further DKr 615m to profits.

INTERNATIONAL APPOINTMENTS

New chairman for Intelsat

● New appointments by THE INTERNATIONAL TELECOMMUNICATIONS SATELLITE ORGANISATION (Intelsat) are **Mr Robert Seguin** of Canada as chairman, **Mr Carlos Herrera De La Rosa** of Spain as vice chairman, and **Mr Richard Colino** of the U.S. as director general. As director general of the global satellite system Mr Colino will be the chief executive and legal representative of Intelsat. Mr Colino is expected to assume his duties at the end of the year, while Mr Seguin and Mr Herrera will begin serving their one-year terms in July.

Mr Colino has held a number of senior posts with the Communications Satellite Corp.—the U.S. signatory and shareholder in Intelsat. Mr Seguin is vice president, international affairs, of the Canadian signatory organisation, Teleglobe Canada. Mr Carlos Herrera De La Rosa has served with the Spanish signatory, Compania Telefonica National De Espana (C.T.N.E.), for 15 years.

● **Dr Otto Saxer** has succeeded **Dr Walter Senn** as chairman and **Dr Fritz Theo Hefti** has taken over from **Mr Carl Widmer** as vice-chairman of the board of NEW REINSURANCE CO., Geneva.

● **Mr Juergen Ladendorf**, senior vice president and chief planning officer of NORTON SIMON, INC., New York City, has been appointed senior vice president, finance, planning and staff operations, for SATELLITE BUSINESS SYSTEMS (SBS). On September 14 Mr Ladendorf will assume responsibility for SBS's finance, planning, administration, human resources, and communications functions. SBS is a communications company owned by Aetna Life and Casualty, COMSAT, and IBM.

● On August 15 **Mr Bente-Lill B. Romoeren**, information manager of NOVO INDUSTRI A/S Norway, has been appointed general manager. Mr Romoeren succeeds **Mr Steinar Woello**, who becomes general manager of Hoffman La Roche in Norway. For a short period Mr Woello will act as a consultant to Novo in Norway.

● **Mr Peter Nydegger** has been appointed board chairman of SWISSAIR NESTLE HOTEL AG, the joint-venture hotel management company of the Swissair airline and the Nestle Group with headquarters in Kloten, Switzerland.

● CONTINENTAL ILLINOIS LIMITED has made the following promotions: **Mr Eberhard Cleff, Mr Paul-M. Jacques,** and **Mr Allan S. Wilson** have been named executive directors. Mr Cleff was formerly a vice president in the multinational banking services department with responsibilities for Germany and Switzerland. Mr Jacques was general manager at Banque Belge. Mr Wilson, rejoined the merchant bank after a year with Credit Suisse First Boston. Promoted to associate directors are: **Mr Patrick R. Currie, Mr Andrea A. Morante, Ms Stephanie L. Siu** and **Mr Richard H. Waldman.** Continental Illinois Limited is the merchant banking subsidiary of Continental Illinois Corp.

● Two executive vice presidents of REPUBLICBANK, Dallas, are being given new assignments. **Mr Barry J. Mason** is being promoted to a senior management position in the general banking group. He was manager of the corporate banking group's international department. **Mr John H. Faib, Jr.** is being promoted to manager of the international department. He had been general manager of RepublicBank's branch office in London.

● **Mr Jeff Tremain** has been appointed manager of NATIONAL WESTMINSTER BANK's Chicago branch. He succeeds **Mr John Anderson** who will shortly be completing his tour of duty. Mr Tremain was an inspector of branches. **Mr Barry K. Noden** has been appointed treasurer at NatWest's executive office, Far East and Australasia in Singapore. He succeeds **Mr Alan Pain** who will shortly be completing his tour of duty. Mr Noden was vice president, money markets, in NatWest's New York branch.

● **Mr T. W. Bittick**, president of El Paso Exploration Co., has been elected to the board of THE EL PASO CO. He succeeds **Mr W. V. Holik, Jr.**, who retired on August 1. **Mr Michael B. Bracy** has been elected executive vice president: **Mr Luino Dell' Osso, Jr.** and **Mr William A. Wise** have become senior vice presidents and **Mr W. Brooke Hamilton, Jr.**, vice president. Mr Wise, who is the company's general counsel, will also assume the duties of corporate secretary on September 1.

FT INTERNATIONAL BOND SERVICE

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex O/S Fin. 10¼ 90	100	92¼	92¾	0	+1½	11.92
Bk. of Amer. 8 88 XW	150	84¼	84¾	0	+0⅜	12.63
Bk. of Tokyo Hd. 11 90	100	93⅞	94⅛	−0⅛	+1⅝	12.31
Brit. Col. Hyd. 10¼ 88	200	96½	97	−0⅜	+1⅜	11.16
CCCE 11¾ 97	100	94	94½	−0⅞	+2	12.61
CIBC 11 90	75	91⅞	92⅜	−0⅛	−2⅛	12.79
Citicorp O/S 10⅜ 90	100	90⅜	90⅞	+0⅛	+1½	12.49
Coca Cola Int. 9⅞ 92	100	89⅜	89⅞	−0⅛	+1⅜	11.81
Cr. Suisse Bah. 10½ 90	150	95¼	95¾	−0⅜	+0⅝	11.48
Credit Suisse 10½ 89	100	94⅞	95⅜	−0½	+0⅛	11.60
Den Norsk Crd. 11¼ 93	50	92⅜	92⅞	−0⅛	+1⅜	12.58
Du Pont 11¼ 95	150	97½	98	−0⅛	+1⅛	11.59
ECSC 11⅞ 90	75	98¼	98¾	−0½	+0⅛	12.20
EDC 10¾ 88	100	97⅜	97⅞	−0⅜	+2⅜	11.42
EDC 11¾ 87	100	99½	100	−0⅛	+1⅛	11.80
EDF 11⅛ 93	100	91⅛	91⅝	−0⅛	+1	12.69
EEC 10¾ 95	75	89⅝	90⅛	−0⅛	+1	12.42
EEC 11 87	350	98	98½	−0⅜	+1⅛	11.57
EIB 10¾ 93	200	91½	92	−0⅛	+1¼	12.22
EIB 11 91	125	94⅜	94⅝	0	+2⅜	12.15
Electrolux 10½ 90	50	91½	92	−1	+1	12.34
Enserch Fin. 11⅛ 93	100	92⅞	93⅜	−0⅜	0	12.88
Fuji Int. Fin. 10⅞ 90	100	91⅜	91⅞	−0⅛	+1⅛	12.77
Gen. Elec. Credit 9¾ 91	100	89¼	89¾	+0½	+1⅛	11.86
GMAC O/S Fin. 10½ 90	200	94½	95	−0⅛	+1½	11.67
Honeywell Int. 10¾ 90	100	96⅛	96⅝	−0⅜	+1½	11.53
Ind. Bk. Japan 10⅞ 88	100	95⅞	96⅛	−0⅛	+1⅛	12.00
Japan Air Lines 10⅞ 98	42	89⅝	90⅛	−0⅛	+1⅜	12.38
Japan Air Lines 11 93	75	93⅜	93⅞	−0⅛	+2⅛	12.13
J. P. Mrgn. 11⅜ 90 XW	150	96⅞	97⅜	−0⅜	+0⅞	12.00
Levi Srauss Int. 11 90	75	94⅜	94⅞	−0⅛	+1	12.18
LTCB 10⅝ 90	100	91⅛	91⅝	−0⅛	+1⅜	12.67
Merrill Lynch 10⅝ 90	200	92½	93	−0⅜	+0⅜	12.24
Midland Int. F. 11½ 92	150	95½	96	−0½	+1½	12.27
Mitsubishi Cpn. 10½ 90	100	92¼	92¾	0	+1⅝	12.17
Mitsubishi Fin. 11⅜ 90	100	94⅞	95⅜	+0⅛	+1⅞	12.46
Nippon Credit 11 90	100	91¾	92¼	−0⅜	+0⅜	12.82
Nippon Credit 11⅜ 93	100	92⅞	93⅜	−0⅛	+0⅞	12.50
OKB 10 91	100	88⅝	89⅛	−0⅜	+1⅞	12.30
Ontario Hydro 10¼ 90	250	92⅛	92⅝	−0⅛	+1½	11.93
Ontario Hydro 11¼ 89	200	99⅛	99⅝	+0⅛	+2	11.36
Ontario Hydro 12¾ 92	200	103	103½	−0⅛	+2½	12.13
Prudential O/S 10⅝ 93	100	94⅛	94⅝	+0⅛	+1⅝	11.60
Prudential O/S 12⅜ 87	150	104⅜	104⅞	+0⅛	+2¼	11.27
Quebec Hy. 11½ 92 (D)	100	99⅜	99⅞	−0⅛	+1⅝	11.66
Sasktchwn. Pr. 10¾ 90	125	94⅜	94⅞	−0⅜	+1⅞	11.97
SNCF 11½ 93	100	95⅝	96⅛	−0½	+1¼	12.22
S. Cal. Edison 10½ 90	75	94	94½	−0⅜	+0⅝	11.76
Sumitomo Fin. 10⅞ 90	100	91⅝	92⅛	0	+1⅛	12.68
Swiss Bk. Cpn. 10¼ 90	125	95	95½	−0½	0	11.30
Texaco Capital 9⅞ 90	150	91⅞	92⅜	−0⅛	+1½	11.50
UBS 10 88	100	96⅞	97⅛	−0⅛	+0½	10.82
UBS 11 89	150	101	101½	−0⅛	+1½	10.69
Westpac Int. Fin. 11 90	100	†91½	92	0	−0⅛	12.87
World Bank 10⅝ 88	150	95⅜	95⅞	−0⅛	+1⅛	11.61
World Bank 10⅞ 93	100	93¼	93¾	+0⅛	+2⅛	12.02
World Bank 11⅞ 98	100	94⅝	95⅛	0	+2	11.98

Average price changes... On day −0⅛ on week +1⅜

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Air Canada 7⅞ 93	100	98	98½	−0⅛	+0⅛	7.63
ANAS 8¼ 88	100	98⅞	100	−0⅛	+0⅛	8.30
Austria, Rep. 7⅝ 89	100	98¾	99¼	−0⅛	+0⅛	7.84
Austria, Rep. 8 93	100	99⅞	100⅜	−0⅛	+0⅛	7.98
BFCE 8¼ 90	150	100	100½	+0⅛	+0⅛	8.19
Comp. T. N. Esp. 8¼ 93	100	94½	94⅞	−0⅛	+1⅛	9.34
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day [illegible] on week [illegible]

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day [illegible] on week [illegible]

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 8⅜ 92	15	103⅞	104⅜	−0⅛	+0⅛	7.97
EIB 8¼ 92	15	101¾	102¼	0	+0⅛	7.92
Japan Airlines 7⅞ 87	9	†102¼	103¼	0	+1	6.94
New Zealand 7⅜ 89	15	101⅛	101⅝	−0⅛	−0⅛	7.33
World Bank 8⅜ 92	20	103	103½	0	+0⅛	7.81

Average price changes... On day 0 on week +0¼

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
British Col. 11¾ 93 C$	25	†93½	94	0	+1¼	12.89
Cn. Pc. Scs. 11⅞ 90 C$	75	†98	98½	−0⅛	+0⅞	12.24
Chrb. France 11⅞ 95 C$	40	†93⅝	94⅛	−0⅛	+0⅛	12.89
Intprv. Pipe 12¼ 93 C$	50	†94⅝	95⅛	0	+0⅞	13.19
Montreal 12¼ 91 C$	50	†99⅜	99⅞	−0⅛	+0⅜	12.30
Mont. Trans. 12½ 90 C$	20	†97⅞	98⅜	−0½	−0½	12.96
Pancanadian 12½ 93 C$	50	†95½	96	−0¼	+0¼	13.27
Credit Nat 12¼ 93 ECU	50	102⅝	103⅛	+0⅛	+0¼	11.67
Forsmarks 11¼ 98 ECU	40	101⅞	102⅞	+0⅛	0	11.15
Consol. Foods 7¾ 88 Fl	100	94⅞	95¼	−0⅛	−0⅛	8.59
Elect. Supply 8¾ 88 Fl	75	95⅞	96⅜	0	0	9.78
Nederland Gas 7½ 88 Fl	100	98	98½	−0¼	0	7.95
Philips Lamps 7¼ 88 Fl	100	96⅜	97¼	−0¼	−0⅛	8.04
Sw. Ex. Cred. 7¾ 88 Fl	100	95	95½	−0¼	−0⅛	9.03
World Bank 7 88 Fl	150	93⅞	94½	−0⅛	+0⅛	8.63
OKB 14 88 FFr	400	100⅝	101⅛	0	+0¼	13.51
Solvay et C. 14¾ 86 FFr	200	100⅞	101⅞	0	−0¼	13.96
BFCE 11½ 88 £	50	96¾	97½	−0⅛	+0¼	12.30
British Oxyg. 11¾ 91 £	50	99⅜	99⅞	−0¼	+0⅜	11.83
CEPME 11¼ 95 £	30	97⅞	98⅜	−0⅛	−0⅛	11.51
EEC 11⅞ 91 £	50	100⅝	101	0	+1	11.71
Fin. for Ind. 10½ 90 £	30	95⅝	96⅛	−0⅛	−0½	11.36
Fin. for Ind. 12¼ 88 £	30	103⅜	104⅛	−0⅛	+0⅝	11.28
F. Mat. Oranji. 12⅜ 92 £	30	101⅞	102⅜	−0¼	+1⅛	12.28
Gen. Elec. Co. 12½ 89 £	50	103⅜	104⅛	+0⅛	+0⅛	11.50
Mort. Bk. Fin. 11¾ 89 £	15	96⅜	97⅞	−0⅛	−0⅛	12.47
Norsk Hydro 12 90 £	30	100⅝	101⅛	−0¼	+0½	11.79
Quebec 14½ 89 £	30	108⅜	109⅜	+0⅛	+1⅝	12.32
SNCF 11½ 89 £	30	95⅞	96⅜	−0¼	0	12.38
Sweden 11¼ 93 £	50	92⅞	93⅜	−0⅛	+0¼	12.47
Sw. Ex. Cred. 11¼ 88 £	30	96⅜	97⅛	−0⅛	+0½	12.15
World Bank 11⅜ 88 £	100	96¾	97¼	−0¼	+0⅛	11.89
World Bank 11⅜ 91 £	75	99	99½	−0¼	+1⅛	11.48
Euratom 11 93 LuxFr	500	104½	105⅜	+0⅛	−0⅛	10.09
Europarat 10¼ 93 LuxFr	600	102¼	103⅛	0	−0½	10.29

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
BFCE 5¼ 87	0⅛	99¼	99¾	27/1	10⅞	10.93
BFCE 5⅛ 88	0¼	99⅛	99⅝	20/1	10.18	10.25
Caisse Nat. Tele. 5¼ 90	0¼	98⅞	99⅜	21/10	9.56	9.65
CCF 5¼ 95	0¼	98⅞	99⅜	7/10	10.19	10.28
CCF 5¼ 98	0¼	99⅜	99⅞	24/9	9.94	9.96
CEPME 5¼ 88 WW	0⅛	99⅛	99⅞	3/9	10	10.04
CEPME 5¼ 92	0⅛	98¼	98½	10/12	10½	10.57
Chemical NY 5¼ 94	‡0¼	100⅛	100¼	23/9	10.82	10.76
CNCA 5¼ 95 XW	0¼	98¾	99¼	7/12	10	10.10
CNT 5¼ 91	0¼	98½	98¾	6/11	9¼	9.38
Credit Agricole 5¼ 97	0¼	99⅛	99⅝	24/9	10	10.06
Credit Lyonnais 5¼ 94	0¼	98⅝	99	5/1	10.31	10.43
Credit Lyonnais 5¼ 97	0¼	98⅞	99⅜	1/10	10.06	10.15
Credit Nat. 5¼ 94	0¼	98⅞	99⅜	9/9	9¼	9.33
EDF 5¼ 95 XW	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day 0 on week [illegible]

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

EUROBOND TURNOVER
(nominal value in $m)

	Cedel	Euro-clear
U.S. $ bonds		
Last week......	5,072.5	10,674.1
Previous week	7,108.9	10,557.7
Other bonds		
Last week......	1,354.2	1,700.5
Previous week	1,009.0	710.8

* No information available—previous day's price.

† Only one market maker supplied a price.

STRAIGHT BONDS: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Chg.day=Change on day. Cnv. date=First date for conversion into shares. Cnv.price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

The list shows the 200 latest international bonds for which an adequate secondary market exists. The prices over the past week were supplied by: Kredietbank NV: Credit Commercial de France; Credit Lyonnais; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Generale du Luxembourg SA; Banque Internationale Luxembourg; Kredietbank Luxembourg; Algemene Bank Nederland NV; Pierson, Heldring and Pierson; Credit Suisse/Swiss Credit Bank; Union Bank of Switzerland; Akroyd and Smithers; Bank of Tokyo International; Chase Manhattan; Citicorp International Bank; Credit Commercial de France (Securities) London; Daiwa Europe NV; EBC; First Chicago; Goldman Sachs International Corporation; Hambros Bank; IBJ International; Kidder Peabody International; Merrill Lynch; Morgan Stanley International; Nomura International; Orion Royal Bank; Robert Fleming and Co.; Samuel Montagu and Co.; Scandinavian Bank; Societe Generale Strauss Turnbull; Sumitomo Finance International; S. G. Warburg and Co.; Wood Gundy.

Closing prices on August 19

UK COMPANY NEWS

W. G. Allen cuts year end loss

Returning to profits in the second half of the March 31 1983 year has cut taxable losses of W. G. Allen and Sons (Tipton), engineer, from £597,105 to £119,315 for the 12 months.

External sales moved ahead to £6.97m (£6.47m) and there were trading profits for the full period of £52,797, compared with losses last time of £401,270. Directors feel that this is a "first stage towards achieving adequate profitability."

At half-way, losses amounted to £205,000 (£301,000) and although second-half figures depended on a deal in Nigeria, directors said that a profit would be made in the period.

As last year there is no dividend payment, the last being a 2.308p final in 1981.

In the current year to date orders received show an increase over the corresponding period, with improved prospects for the year as a whole.

The group's financial position continues to be satisfactory although borrowings have risen from £913,000 to £1.51m, representing 33 per cent of shareholders' funds.

The group's borrowing position at the year end reflects a high level of debtors, rising from £1.67m to £2.36m.

Pre-tax figure for the 12 months was after exceptional debits of £41,908, compared with £65,208, and interest charges, £103,204 (£110,690).

Tax charge took £3.478 (£17,830), preference dividend £2,625 (same) and after extraordinary debits—costs of demolition and of the demolished buildings at Tipton—totalling £59,415 (nil), the losses attributable came out at £184,833 against £617,583.

Losses per 25p share are given as 3.37p (16.6p).

Directors point out that the recession in the engineering industry continues. There has been a marked change, they add, in the company's business, with an increasing number of larger orders and consequential effects on the level of working capital and the incidence of profits.

Crown House sees overseas rise

WHILE Crown House may have some difficulty in maintaining the level of UK profits in engineering contracting in the current year, further progress overseas is expected for this division, Mr Patrick Edge-Partington, chairman, says in his annual statement. However, conditions remain difficult in electrical wholesaling.

Orders received by the tableware division in the current year are 10 per cent greater than in the same period last time, but the results of this division will be influenced by the amount of progress achieved towards production efficiency at Denby Tableware.

With a profitable Brussels office, Mr Edge-Partington says the office staff employment specialist Senior Secretaries is well placed to provide better figures for the year. In the property division much depends on the success achieved in completing the letting of its Three Bridges development in Sussex.

The engineering services provided by the group are likely to be the subject of growing demand in the years to come, he says. The use of tableware is not likely to become unfashionable, though the fashions themselves may change. The tableware division is in a position to react quickly to such changes. The group is, therefore, well placed for a successful future, he concludes.

As already reported, the group made taxable profits of £3.83m (£2.56m) in the year to March 31, 1983 on turnover of £184.12m (£148.46m), and with earnings per share given as 10.6p (5.1p) the dividend was lifted from 5.25p to 5.75p net.

At the year-end shareholders funds stood at £20.43m (£19.16m) and there were outstanding long-term loans of £4.88m (£5.41m). Fixed assets were valued at £12.51m (£12.5m) and net current assets came to £13.57m (£12.55m) including overdrafts and acceptance credits of £31.93m (£33.4m).

During the year there was an increase in working capital of £245,000 (decrease £665,000) including a fall in net liquid balances of £529,000 (£3.09m).

Meeting: Connaught Rooms, WC, September 14, 11 am.

Leisuretime Intl. in the red midterm

For the six months ended April 30, 1983 turnover of Leisuretime International, formerly Old Swan Hotel (Harrogate), amounted to £1.06m and the company incurred losses of £198,000, or 2.6p per share. There is no tax.

The directors, however, say that the company now has an "extremely strong financial base" and they are continuing to explore other promising ventures in the leisure industry. They look to the future with considerable confidence.

For the seven months ended October 31, 1982 pre-tax profits were £141,000, compared with £142,000 for the previous 12 months.

Bookings for Preston Travel, acquired October, 1982, for the year to date have been slightly below budget, but recent bookings have shown a marked improvement.

Board has recently made a number of operational changes at Preston which should produce some benefits in the short term and very considerable benefits next year, it is stated.

Further modernisation has taken place at the Old Swan Hotel and the company expects good results again from this subsidiary.

In the second half-year Leisuretime will also begin to receive a significant rental income from the properties purchased this year in Spain, Majorca and the Canary Islands.

MINING NEWS

Go-ahead for Bamboo Creek

AUSTRALIA'S Kitchener Mining announces that Swiss Finance Corporation has exercised its option to participate in a joint venture with Kitchener to develop a gold mine at Bamboo Creek in Western Australia's Pilbara.

Under the deal Swiss Finance will fund the development of a mine and plant capable of processing 100,000 tonnes of ore a year and all ancillary services by June 30 1984. In return, Swiss Finance will earn a 50 per cent interest. Underground ore reserves are put at 483,000 tonnes grading on average 10 grammes gold per tonne. Kitchener shares rose 10p to 100p yesterday.

Round up

A staking rush is developing in the Cameron Lake area of north-western Quebec, on land which has just been opened by the Ontario Government. The area had been closed to allow Canada's Atomic Energy Commission to evaluate the site for the potential disposal of radioactive waste material.

The new area is about two miles north of a gold deposit outlined by Nulusco Resources and Lockwood Petroleum. The two companies are exploring further to establish the size and grade of the deposit.

Mary Kathleen still generating profits

BY KENNETH MARSTON, MINING EDITOR

AFTER A chequered career beginning in the summer of 1956 Mary Kathleen Uranium, Australia's first uranium mine, continues to provide shareholders with some recompense for their past patience.

Mining ceased in October 1981 but earnings have continued to flow from the sales of stockpiled uranium oxide—sufficient to meet sales contracts for 1983 and 1984—and from the disposal of fixed assets.

The Rio Tinto-Zinc group subsidiary reports earnings for the half year to June 30 of A$11.4m (£6.6m) which compare with A$4.97m for the same period of last year and the 1982 total of A$10.4m.

Helping matters has been the delivery of a high proportion of the 1983 uranium oxide sales and a favourable exchange rate between the Australian dollar and the U.S. dollar in which sales are priced. In addition there was a profit of A$3.4m on the disposal of fixed assets following the closure of the mine and township.

Looking ahead, the company forecasts that earnings for the full year will reflect a "moderate" increase on those now reported for the first half.

Meanwhile, Mary Kathleen is declaring an interim dividend of 7 cents; for 1982 there was a single dividend of 15 cents. Shareholders can expect a further distribution in the near future, however, in the form of a return of capital as promised by the chairman at the annual meeting in April.

Vogels' rights issue terms

TERMS ARE now announced by South Africa's Vogelstruisbult Metal Holdings for the R9m (£5.3m) renounceable rights issue which is designed to provide funds for the purchase of a 20 per cent stake in the O'okiep copper producer in Namaqualand.

The Consolidated Gold Fields group's metals investment concern is offering 3.065m shares at 300 cents (176p) each to existing shareholders, registered on August 12, in the ratio of 20 new shares for every 100 held. The offer closes on September 9. The existing shares were 190p in London yesterday.

Benford Concrete downturn

A NEAR 30 per cent fall in half year profits before tax has been incurred by Benford Concrete Machinery. With turnover, for the six months to June 30 1983, down from £14.55m to £11.67m profits at the pre-tax level fell to £1.13m against £1.61m.

The interim dividend, however, is lifted from 0.875p to 1p per 10p share.

The directors say that the wholly-owned subsidiary Benford's order intake in the last quarter of 1982 has been maintained to date. This, is reflected in a contribution of £742,000 pre-tax, compared with £233,000 in the second half of last year.

After all charges, including tax of £510,000 (£650,000), the attributable balance came out at £615,000 (£955,000).

F. Copson decrease to £189,736

Taxable profits of Birmingham-based F. Copson, a supplier of heating equipment and builders' materials, showed a reduction from £200,000 to £189,736 in the year to April 30 1983. External turnover, excluding VAT, was £349,000 higher at £6.86m.

Half-time pre-tax profits had slipped to £58,431 (£60,723), but the directors said then that with contracts on hand they looked to the remainder of the trading year with some optimism.

As foreshadowed, the year's dividend is maintained at 1.5p net per 5p share, with waivers on 1.5m shares (same). Earnings per share eased from 3.78p to 3.52p.

The tax charge was £56,203 (£58,750) and minorities took £4,667 (£4,383).

Fleming Japan

Revenue available to shareholders of Fleming Japanese Investment Trust slumped from £1.12m to £588,074 in the year to July 31 1983. The dividend total is cut from 6.95p to 3.5p with a reduced final of 1.25p against 4.7p. There is an interim dividend of 0.5p for the current period.

Gross income was lower at £1.43m (£1.84m). Management expenses absorbed £139,271 (£110,520), interest £81,858 (£22,500), and tax £620,564 (£584,650). Earnings per ordinary share emerged at 3.8p compared with 7.39p.

Net asset value per equity share at July 31 1983 was given as 389.28p (230.95p).

Chamberlain Phipps

An improvement in the group's performance in the final weeks of last year had continued at Chamberlain Phipps during the first quarter of 1983-84, both in the UK and overseas, Mr Frank Chamberlain, chairman, told the annual meeting.

He added that the group was seeing the benefits of decisions taken in the last two years, and provided the general level of industrial activity did not decline, "we can be more optimistic for the current year."

May and Hassell

Turnover and volume of May and Hassell have continued to rise since chairman Mr P. J. Atley's statement published on July 1, he told shareholders at the company's annual meeting.

Gross margins were "very satisfactory." Additionally he commented: "I am confident, barring any unforeseen events, that the profit for the current year will show a significant improvement on 1982-83."

Cambrian & Genl.

Shareholders of Cambrian and General Securities have approved the proposed rights issues of new ordinary and capital shares to raise £9.77m, and the variation of shareholders' rights.

Mersey Docks

The results attributed to the Mersey Docks and Harbour Company in last Monday's edition applied to Milford Docks Company.

Silverthorne

Turnover of the Silverthorne Group rose marginally to £1.83m for the first 26 weeks of 1983, compared with £1.8m for the corresponding half year.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Coleman, Milne, Kean and Scott, W. N. Sharpe, Supra, Woodhouse and Rixson.

Finals: K. O. Boardman International, Jos Holdings, Peerless, Resource Technology.

FUTURE DATES

Interims—	
Alexanders Holdings	Sept 2
Anglo American Gold Invest.	Sept 1
BSR International	Aug 25
Bensons Crisps	Aug 25
Bunzl	Sept 8
Cement-Roadstone	Sept 7
DRG	Sept 28
Hamilton Oil Gt. Britain	Sept 2
Morgan Crucible	Sept 1
Sparrow (G. W.)	Aug 31
Tavener Rutledge	Sept 8
Tilley International	Aug 24
Finals—	
Bracken Mines	Sept 7
Caskat (S.)	Sept 29
Dale Electric International	Aug 25
Hampton Trust	Aug 25
Kalamazoo	Sept 21
Kinross Mines	Sept 7
Leslie Gold Mines	Sept 7
Unisel Gold Mines	Sept 7
Winkelhaak Mines	Sept 7
Zambia Copper Invests.	Aug 25

LADBROKE INDEX

731-738 (−1)

based on FT Index

Tel: 01-493 5261

BIDS AND DEALS

Hawkins and Tipson rejects Evered bid

BY DAVID DODWELL

Hawkins and Tipson, the rope and leisure products company based in Hailsham, has rejected a £3m takeover bid by Midlands-based engineers Evered as "inadequate and not in the best interests of the company."

Mr Alan Barrett, Hawkins' chairman, said yesterday that the 35p a share offer took no account of the turnaround reflected in sales and profits figures unveiled over the past six months.

The Evered claim to be able to inject more dynamic management also ignores the radical reorganisation that has taken place in the company over the past 18 months, Mr Barrett said.

Evered, which has Saudi Arabian interests amounting to almost 30 per cent, acquired a 20.58 per cent stake in Hawkins in January this year. Since then it has built up a 29.99 per cent stake.

Since April 1981, Evered has been run by Mr Raschid Abdullah and a brother. With interests ranging from non-ferrous strip manufacture, to an aluminium foundry and caster and wheel manufacture for the furniture and medical industries, it declared profits in 1982 of £373,000. This compares with pre-tax losses in 1981 of £291,000—and losses in all but two of the eight previous years.

Mr Abdullah's declared aim is to turn the group into an industrial holding company. He said over the weekend that Hawkins and Tipson "fits well into that overall strategy."

Outlining why Hawkins was rebutting the approach, Mr Barrett said yesterday that Evered's claim to be offering shareholders a 40 per cent premium on Hawkins' January share price of 25p took no account of recent announcements revealing a major turnaround in the company's performance.

Losses for the six months to February this year amounted to £57,000—down from £557,000 in the comparable period in 1982.

At the time of the interim announcement, Mr Barrett said he was expecting "further significant improvement" for the full year. He said yesterday that subsequent performance had confirmed this prediction.

Over 18 months, Hawkins has trimmed its workforce from 1,100 to 500 employees, closing or disposing of nine of its 11 factories.

It has completely eliminated its wire rope manufacturing, and now has two divisions—a rope division making synthetic fibre ropes for the marine industry, fishing and offshore oil operators, and a leisure products division making teak furniture, yachting ropes and garden sundries. Mr Barrett said both divisions are operating in the black.

Rationalisation has cut the board from 11 to seven people, with only two of the old board retained. Rationalisation costs have been covered by earnings from disposals, and at the same time company borrowings have been cut from £4m three years ago, to £700,000 today.

W. E. NORTON REORGANISATION

W. E. Norton (Holdings) has agreed to acquire the freehold property at 559-561 Holloway Road, London, N19, for £141,000. The company intends to use the property as its head office and operational base for its developing security interests in London. The consideration will be financed by the vendor placing 503,571 new 1p ordinary shares in the company, credited as fully paid.

Trading on Norton's machine tool side has continued to be difficult and the company has continued to reduce staff and overheads of the division. It has also recently entered into a franchising agreement for the sale of its products by another machine tool distributor to reduce administration and selling expenses.

As part of the rationalisation the directors have decided that the machine tools division will not take further machines into stock but will continue to trade, under the franchising agreement, from its existing stock.

The directors also propose to unify Norton's two classes of ordinary shares so that the ordinary share capital will consist solely of 1p ordinary shares.

GALLEON WORLD TRAVEL

Galleon World Travel has entered into a conditional agreement to acquire Travel Lloyd of Berkeley Square, London, for nearly £385,000 cash. Completion expected on or about August 22 1983.

Mr Michael Golder, chairman and managing director of Galleon, and Mr Roy Ackerman will join the Travel Lloyd board.

Turnover of the enlarged group is running at the annual rate of £12m.

S. PEARSON & SON

S. Pearson & Son and Frederick Warne announce that resolutions proposed at an EGM of Warne have been passed. The new Pearson ordinary shares to be issued pursuant to the offers have been admitted to the Official List.

All conditions of the offers by Pearson for the whole of the issued share capital of Warne have been satisfied, or waived, and accordingly the offers are unconditional in all respects.

Pearson will in due course be in a position to exercise its rights under S209 of the Companies Act, 1948 and intends to do so in respect of each class of share.

Two Sussex stockbrokers found guilty of cheating

THE STOCK EXCHANGE has found two Sussex stockbrokers guilty of practices which in effect mean they have cheated their clients.

Mr John Greenhalgh and Bernard Raven, two partners in stockbrokers Merriman & Co., based in Sussex, have been found guilty of buying and selling shares in such a way secret profits were made at the clients' expense; issuing contract notes stating prices which they knew were different from the prices at which the bargains had actually been done; and buying shares on their own accounts, then selling them to clients without putting the deals through a jobber. This meant there were no checks on whether the prices were fair.

The Stock Exchange said the two men had acted "in a disgraceful manner," and had showed "serious ignorance of fundamental rules."

Mr Greenhalgh, a senior partner in the company, was censured for not ensuring that his company operated in accordance with Stock Exchange practice.

A Stock Exchange spokesman said that most clients who might have lost money as a result of the irregularities had been contacted.

FT Share Information

The following securities have been added to the Share Information Service.

Chemical New York Corporation (Section: Americans).
Consolidated Gold Mining Areas (Mines—Australian).
Enterprise Gold Mines (Mines—Australian).
Florida Power and Light (Americans).
Gramlington Group (Trusts, Finance-Land).
Gable House Properties (Property).
General Foods Corporation (Americans).
Godwin Warren Control Systems (Electricals).
International Income Property (Property).
Jingellic Minerals (Mines — Australian).
Juliana's Holdings (Leisure).
London and Assoc. Investment Trust (Trusts, Finance-Land).
Lorlin Electronics (Electricals).
MCD Group (Industrials).
Malaysia 12½ per cent Loan Stock 1988 (Intl. Banks and Overseas Government Sterling Issues).
Maunders (John) Construction (Buildings).
Mellerware International (Electricals).
Midsummer Inns (Hotels).
Murray Electronics (Electricals).
Nationwide BS 10⅞ per cent Bonds 30/4/1984 (Loans — Building Societies).
Nationwide BS 10⅞ per cent Bonds 29/5/84 (Loans—Building Societies).
Nationwide BS 10⅞ per cent Bonds 18/6/84 (Loans—Building Societies).
New Zealand 11½ per cent 2008 (Intl. Banks and Overseas Government Sterling Issues).
Pacific Gas and Electric (Americans).
Strikes Restaurants (Leisure).
Texas (L.) Petroleum (Oil and Gas).
Tunstall Telecom Group (Electricals).
Tysons (Contractors) (Buildings).
United Packaging (Paper, Printing).

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1983 High	1983 Low	Stock	Closing price p	+ or −	Net Div.	Times Covered	Gross Yield	P.E. Ratio
115	F.P.	14/9	410	130	✣Aaronite Group	142	....	bd2.5	2.2	2.5	25.9
60	F.P.	4/8	127	98	✣Biomechanics I'10p	103	....	—	—	—	—
130	F.P.	28/7	180	115	✣CPU Computers 5p	[illegible]		bg1.4	2.9	1.7	30.0
200	F.P.	26/8	250	200	DPCE Hldgs 5p.	247		b2.0	3.6	1.2	32.4
‡‡	F.P.	—	325	160	Dollonds Photo 12½p	305	−15	—	—	—	—
100	F.P.	5/8	120	110	✣Gee (C.) 10p	120		u2.1	2.5	2.5	22.7
190	F.P.	12/8	204	108	Gent (S.R.) 10p.	188		b3.0	3.1	2.3	15.5
17½	F.P.	12/8	24	20	✣GilbertH'useInvs10p	20		—	—	—	—
375	F.P.	6/8	372	350	Henderson Admin.	345		u6.0	2.9	3.5	19.9
126	F.P.	—	158	154	Int. Signal & Control A	158		uQ2c	4.0	0.9	29.3
190	F.P.	15/8	190	185	✣Invent Energy	185					
115	F.P.	5/8	125	106	✣KLP Group 5p	115		g1.6	2.7	2.0	26.3
‖	F.P.	5/9	31	25	✣Metal Sciences 2½p	30					
95	F.P.	12/8	94	88	Park Food 10p	91		u3.0	2.0	4.6	15.4
210	F.P.	9/9	214	200	Peel Hldgs	200		bd7.35	1.2	5.2	21.0
111	F.P.	26/8	253	165	✣P'lyt'chnicM'rine5p	253		ud2.0	1.9	1.1	—
25	F.P.	9/9	30	26	✣Promotions H'se 5p	30	−1	b0.7	1.0	3.5	20.7
205	F.P.	4/8	250	195	✣Rayford Supreme	250	−5	b4.9	7.0	2.8	12.7
148	F.P.	—	190	173	✣Real Time C'trol 5p	173		u2.0	3.0	1.7	29.1
85	F.P.	16/9	110	97	✣SCUSA Inc. $0.01	110	−16	b0.015c	4.4	0.8	23.6
Kr.300	F.P.	—	£30	£26½	Sonesson (W.) Kr.50	£29½	−¼	Q11%	2.9	1.6	21.7
85	F.P.	19/8	93	89	✣Sthn. Bus. Leas.10p	89		bq1.7	3.2	2.8	12.8
10	F.P.	24/6	18½	14	✣Sunleigh Elect. 10p	18½	+½	g0.35	1.8	2.7	28.9
100	F.P.	2/9	85	82	✣Tech. for Bus. 10p	82		b4.2	6.0	7.3	11.4
83	F.P.	13/9	90	85	✣Thermal Scientific	88		b2.3	2.8	3.7	15.8
‡‡	F.P.	23/9	18	17	Yorks&Lancs Inv. W's	17		—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1983 High	1983 Low	Stock	Closing price £	+ or −
98.96	£25	29/11	25½	22	Allied-Lyons 11¼% Deb 2009	24¼	−¼
‡	F.P.	18/7	100½	93	Allied Plant 10% Cnv Uns Ln 85-86	93	
‡‡	F.P.	—	129	111	Atlantic Met'n (UK) 12% UL 91-97	109	
—	£20	28/10	23½	18	Bristol 11½% Red. 2008	18½	−½
—	£25	26/8	26½	21¼	Brixton Est 11¼% Deb 2018	23½	+½
96.95	£25	21/10	25	22½	C.C.C. Economic 12¼% Gtd. Ln. 2015	24	−¼
99.75	F.P.	26/8	104½	101¼	Ecclesiastical 13% Deb 2018	104¼	
‡	F.P.	22/8	106	104	Evode 8% Cnv Uns Ln 2003-08	105	
‡‡	F.P.	15/7	127p	122p	Extel 10½% Cum Pref	124p	−1
100p	F.P.	9/9	103p	101p	✣FKI 7% Red Cnv Pref	102p	−1
‡‡	F.P.	—	103p	101p	Fuller, Smith & Turner 8% 2nd Cm. Prf	101p	
‡	F.P.	12/8	112	102	Hewden-Stuart 10% Cnv Uns Ln '05-08	112	
100p	25p	9/12	31½p	25p	LASMO 9½% Cum Red Pref	31½p	
—	—	—	100	99½	Nationwide 10⅞% Bds 9/7/84	99½	
—	—	—	100⅛	99½	Do 10⅞% Bds 30/7/84	99½	
—	—	—	100¼	100¼	Do 11¼% Bds 20/8/84	100¼	
100	F.P.	—	98	92	Oldham 11¼% Red 2010	93½	+½
98.579	£25	31/8	25	21	Trafford Park Est. 11½% 2007	21½	−¼
97.941	£25	14/10	25½	23¼	Transport Dev 12½% Uns Ln 2008	25	
99.898	£25	20/9	29¼	24½	Watn'yM'nn&Trum'n12½% Red.Deb.2008	26½	−¼
103.3	—	—	102p	99½p	Weir 10% Red Cum Pref	101p	
99.124	£25	25/10	25½	23¼	Westland 12% Deb 2008	25½	
‡‡	F.P.	23/9	102½	100	Yorks & Lancs Inv 13¾% Deb 2003	102½	

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date ●	Latest Renunc. date ‡	1983 High	1983 Low	Stock	Closing price p	+ or −
12	F.P.	—	9/9	25	18	Abaco Invs. 5p	20	
33	F.P.	—	9/9	38	34	Assoc. British Eng'g 12½p	35	
310	F.P.	—	2/9	377	325	Beecham	343	−1
63	F.P.	1/8	16/9	115	84	Brengreen 10p	109	
35	F.P.	—	14/9	30½	29	Crowther (J.)	30	
175	F.P.	—	9/9	197	185	Dixons Grp 10p	185	−2
200	F.P.	—	25/8	243½	240	Emess Lighting	240	
145	F.P.	17/8	30/9	170	160	Fidelity Radio 10p.	165	
10	F.P.	—	9/9	13	11¼	First Charlotte Assets Tst 5p	11½	
34	Nil	—	16/9	4pm	1pm	✣First Talisman Inv. 20p	2pm	
78	F.P.	8/8	16/9	124	118	Fleet Holdings 20p	119	−1
40	Nil	—	14/10	20pm	12pm	Group Lotus Car 10p	12pm	−4
120	F.P.	—	6/9	131	123	H.A.T. Group 10p	126	
‡£1.18	F.P.	27/7	26/8	120	112	Independent News	120	
57½	F.P.	—	[illegible]	112½	89½	London & Northern	97	
350	Nil	—	29/9	105pm	85pm	Midland Bank £1	85pm	−8
10	Nil	—	—	2½pm	2½pm	✣Sheraton Secs. 10p	2½pm	
95	Nil	—	14/10	45pm	35pm	Steinberg 10p.	40pm	−1
175	Nil	—	30/9	65½pm	47pm	Unitech 10p.	50pm	−2
100	Nil	—	16/9	125pm	102pm	United Parcels 10p	118pm	

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1983. H Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. ● Figures or report awaited. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. ‡ Effective issue price after scrip. † Formerly dealt in under special rule.

PENDING DIVIDENDS

Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements except where the forthcoming board meetings (indicated thus*) have been officially notified. Dividends to be declared will not necessarily be at the amounts in the column headed "Announcement last year."

	Date	Announcement last year		Date	Announcement last year
*Associated Dairies	Aug 31	Final 1.75	Laing (J.)	Oct 1	Interim 1.0
Automotive Products	Aug 13	Interim 0.5	Laird Group	Sept 4	Interim 2.1
*BAT Inds	Sept 21	Interim 2.5	Laporte	Sept 23	Interim 3.5
*BICC	Sept 7	Interim 3.5	Legal and General	Sept 15	Interim 4.5
BTR	Sept 13	Interim 4.75	London Merchant Securities	Sept 14	Final 0.87
*Babcock Intl	Aug 31	Interim 3.4	*Lasmo	Aug 23	Interim 4.5
*Bank of Scotland	Sept 20	Interim 10.5	Marchwiel	Sept 1	Interim 2.7
*Barratt Devs	Sept 20	Final 8.86	Menzies (J.)	Sept 23	Interim 1.6
Barrow Hepburn	Sept 20	Interim 0.8	Mills and Allen Intl	Sept 22	Final 16.0
Bilton (P.)	Sept 27	Interim 3.5	*Morgan Crucible	Sept 1	Interim 3.5
*Bath and Portland	Aug 31	Interim 2.5	NEI	Sept 21	Interim 1.5
Blackwood Hodge	Sept 9	Interim 0.5	Pearson (S.)	Sept 6	Interim 3.75
*Blue Circle	Aug 25	Interim 6.0	*P & O	Sept 7	Interim 4.0
Booker McConnell	Sept 16	Interim 1.5	Phoenix Assurance	Sept 1	Interim 7.3
Bowater	Sept 15	Interim 4.25	Pritchard Services	Sept 21	Interim 0.9
British Aerospace	Sept 21	Interim 3.25	*Prudential	Sept 8	Interim 5.0
British Electric Traction	Sept 2	Final 6.137	*Raybeck	Aug 26	Final 1.131
*British Petroleum	Sept 1	Interim 6.25	*Reckitt and Colman	Sept 6	Interim 4.15
*Britoil	Aug 25	Interim due	RMC	Sept 29	Interim 3.7
Brixton Ests	Sept 21	Interim 1.7	RTZ	Sept 15	Interim 5.5
*Bunzl	Sept 8	Interim 4.5	Rowntree Mackintosh	Sept 23	Interim 2.9
Burmah Oil	Sept 15	Interim 1.5	Sime Darby	Aug 25	Final 6.8 sen
*Cadbury Schweppes	Sept 1	Interim 1.4	Simon Eng	Sept 20	Interim 4.0
*Cons Gold Fields	Sept 13	Final 16.0	*Slough Estates	Aug 24	Interim 1.25
Costain	Sept 7	Interim 6.0	Staffs Potts	Sept 30	Final 0.01
Croda Intl	Sept 9	Interim 3.0	Steetley	Sept 16	Interim 4.0
*DRG	Sept 28	Interim 3.0	Tarmac	Sept 20	Interim 3.2
Dalgety	Sept 20	Final 11.0	*Taylor Woodrow	Aug 23	Interim 5.5
*De Beers	Aug 23	Interim 12½c	Tootal	Sept 22	Interim 1.1
Delta	Sept 9	Interim 1.82	Travis and Arnold	Sept 27	Interim 1.4
Dunlop	Sept 23	Interim 2.0	*Turner and Newall	Sept 15	Interim 0.25
Eagle Star	Sept 15	Interim 7.0	*Utd. Biscuits	Sept 15	Interim
European Ferries	Sept 10	Interim 1.0	*United Newspapers	Oct 4	Interim 4.5
Expamet Int	Sept 15	Interim 2.0	Vickers	Sept 23	Interim 4.55
Fisons	Sept 20	Interim 5.0	Ward and Goldstone	Aug 27	Final 1.0
General Mining	Sept 2	Interim 55c	*Weir Group	Aug 30	Interim 0.75
*GRE	Aug 31	Interim 7.0	Wimpey (G.)	Sept 30	Interim 0.85
Habitat Mothercare	Sept 6	Final 2.8	Yorkshire Chemicals	Aug 27	Interim 1.0
Hall Eng	Sept 23	Interim 3.41			
*Hepworth Ceramic	Sept 8	Interim 2.25			
*HK Shanghai Bank	Aug 23	Int HK$0.18			
*Ladbroke	Aug 30	Interim 3.7			

* Board meeting intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made. ¶ Forecast.

Granville & Co. Limited

(formerly M. J. H. Nightingale & Co. Limited)

27/28 Lovat Lane London EC3R 8EB — Telephone 01-621 1212

Over-the-Counter Market

£000's capitalisation	Company	Price	Change on week	Gross div. (p)	Yield %	P/E Actual	P/E Fully taxed
5,798	Ass. Brit. Ind. Ord	131	+1	6.4	4.9	7.7	10.0
—	Ass. Brit. Ind. CULS	144	+1	10.0	6.9	—	—
3,936	Airsprung Group	68	+1	6.1	9.0	19.4	19.4
525	Armitage and Rhodes	21	−1	4.3	20.5	2.4	4.1
27,428	Bardon Hill	220	—	7.2	3.3	9.0	18.3
1,788	CCL 11pc Conv. Pref.	143	−1	15.7	11.0	—	—
3,035	Cindico Group	192	—	17.6	9.2	—	—
4,178	Deborah Services	54	—	6.0	11.1	3.6	9.8
7,108	Frank Horsell	124	+2	—	—	5.2	8.6
—	Frank Horsell Pr Ord 87	118	+2	8.7	7.4	5.0	8.1
8,379	Frederick Parker	58	—	7.1	12.2	3.6	5.8
580	George Blair	32	—	—	—	5.5	11.6
2,640	Ind. Precision Castings	65	—	7.3	11.2	8.3	10.5
4,752	Isis Conv. Pref.	198	−2	15.7	7.9	—	—
5,667	Jackson Group	112	—	4.5	4.0	5.8	11.5
28,984	James Burrough	210	+4	11.4	5.4	11.6	11.9
1,418	Robert Jenkins	139	−1	20.0	14.4	10.2	10.9
3,480	Scruttons "A"	68	—	5.7	8.4	11.3	8.3
2,734	Torday & Carlisle	112	—	11.4	10.1	5.0	8.6
3,768	Unilock Holdings	24	—	1.0	4.2	16.0	22.9
8,561	Walter Alexander	75	—	6.8	9.1	5.4	8.7
6,308	W. S. Yeates	266xd	+1	17.1	6.4	4.1	8.5

Licensed Dealer in Securities.

Closing prices August 19

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
17¼	5¼	AAR	.44	3.0	20	224	14½	14⅛	14½	
37¼	27¾	ACF	1.40	4.1	40	73	34¼	33⅝	33⅞	-⅛
20	12¼	AMF	.50	3.2		319	16¼	15¾	15¾	-⅛
38¾	13¾	AMR Cp			57	1149	28¾	28⅛	28⅝	
18⅛	13⅞	AMR	pf2.18	12		27	18⅛	18⅛	18⅛	
39⅞	24¾	AMR	pf2.13	6.7		31	31⅞	31½	31½	-¼
14⅞	2½	APL				150	14⅝	14¼	14¼	
55	26½	ARA	2.05	4.2	12	26	48½	48¼	48¼	-¼
79⅞	30	ASA	3a	4.3		434	69½	68¾	69⅛	-⅜
33¼	9⅞	AVX	s.32	1.2	65	48	26⅝	25⅞	26⅜	+⅛
50¾	29½	AbtLab	1	2.1	18	268	47⅞	47½	47¾	+⅛
30⅛	25¼	AccoW	n.50	2.0	19	172	25½	d25	25¼	-¼
27½	16⅝	AcmeC	.40	1.9		278	21⅞	21⅜	21½	-⅛
14⅜	6⅛	AcmeE	.32b	2.8	38	7	11⅝	11¼	11⅝	+⅛
21½	5½	AdmDg	.04	.2	16	226	20⅞	20	20⅛	-⅝
17⅞	12½	AdaEx	1.73e	10		47	17¼	17⅛	17⅛	
19¾	6⅞	AdmMl	.24	1.3	9	24	18¼	18⅛	18⅛	-⅛
28	12⅝	Advest	s.16	.6	9	76	25⅛	24⅝	25⅛	+⅛
69¾	13¾	AMD	s		60	1024	54¾	52	54½	+1½
34⅞	6⅞	AMD	wi			12	27⅛	26½	27	-¼
44⅜	32⅞	AetnLf	2.64	7.3	7	1090	36½	35⅞	36⅛	-⅜
40½	10	Ahmns	.60	2.3	15	825	26⅝	25½	26¼	-¼
7⅞	2⅞	Aileen				44	6⅞	6⅞	6½	-⅛
50⅞	23⅝	AirPrd	1	2.2	13	329	47	45⅞	46½	+1
27¼	10¼	AirbFrt	.60	2.9	20	79	20⅞	20½	20⅝	+⅛
3⅛	2	AlMoa	n		99	492	3	2⅞	2⅞	
33½	26	AlaP	pfA3.92	13		1	31⅛	31⅛	31⅛	
7⅞	6⅝	AlaP	dpf.87	12.		68	7	6⅞	7	+⅛
74½	58	AlaP	pf 9	12.		z5070	73½	69½	73½	+4
71	53½	AlaP	pf8.16	13.		z600	64	62¼	64	+½
22⅞	13¾	Alagsco	1.75	8.1	6	20	21⅞	21⅞	21⅝	+¼
18⅝	5	AlskAir	.12	.8	11	90	15¼	15	15⅛	+⅛
24⅛	10⅝	Alberto	.54	3.9	14	37	14	13⅞	14	
29	16¼	Albtsn	s.60	2.2	14	41	27¼	26½	26⅞	-⅜
39⅜	18⅞	Alcan	.90	2.4		4853	37⅞	37	37⅝	-⅛
38	18	AlcoStd	1.12	3.0	14	254	37⅛	36⅞	36⅞	-½
27⅜	18⅝	AlexAlx	1	4.6		438	21⅞	21¼	21⅝	-⅛
17¼	7⅞	Alexdr			15	17	16¾	16¼	16¼	-⅛
27⅞	14½	BkARt	s1.80	7.5	9	46	24⅛	23⅝	23⅞	-⅛
49½	28½	BankTr	2.25	5.1	8	123	44⅛	43⅜	43⅞	-½
12⅞	5⅜	Banner				47	11⅞	11⅝	11⅝	+⅛
45⅜	23	Bard	s.40	1.0	20	390	41¾	41¼	41½	-⅜
36⅞	20	Barnet	1.20	3.3	9	820	36⅞	35½	36⅝	-⅛
41¼	24	Barnt	pf2.38	6.1		1	38¾	38¾	38¾	+¼
32¾	14¼	BaryWr	.48	1.7	21	57	28⅝	27¾	28	-1
14½	4	BasRes	.10b	.9	14	108	11⅝	11½	11½	
58	33⅝	Bausch	1.56	2.7	28	1360	57⅛	55⅞	57	+1¼
62⅝	34⅞	BaxtTr	.56	.9	21	341	60¼	59¼	60	+⅛
16¼	6½	BayFin			7	32	15¼	15	15	
24⅛	18⅛	BayStG	2.48	12	35	5	21¼	21⅛	21¼	+⅛
41	26	Beamg	1	2.9	25	9	34¾	34½	34½	-½
28½	19⅝	BeatFd	1.60	6.0	9	5104	26⅞	26⅝	26⅝	+⅛
52¾	37	Beat	pf3.38	6.8		1900	50⅛	49½	49¾	-¼
53½	36	BectnD	1.15	2.9	25	654	40¾	39¾	40	-¼
10⅝	4⅛	Beker				612	10	9½	9¾	
18⅞	5⅜	BeldnH	.40	2.1	16	34	18¾	18¼	18⅝	-¼
57½	19½	BelHow	.96	1.8	12	10	52½	52¼	52¼	-¼
22⅞	14	BelCd	g2.08			319	22⅛	21⅞	22⅛	
38⅜	14	Bellnd	.32	1.0	21	3	31¾	31¾	31¾	+⅛
41⅛	24⅛	Bemis	1.60	4.1	14	14	39½	39	39½	+¼
82	39¼	Bndx	pf4.04	5.1		1	79½	79½	79½	-⅛
30	18	BenfCp	2	7.0	10	197	28⅝	28⅝	28¾	
37½	28¼	Benef	pf4.30	12		4	35½	35½	35½	-¼
22½	16	Benef	pf2.50	13		z20	19½	19¼	19¼	+⅛
11⅞	3⅛	BengtB	.20e	2.2	12	144	9⅛	8⅞	9	
7⅞	3⅝	Berkey			63	233	5⅞	5⅝	5⅝	-¼
39⅝	13¼	BestPd	.32	.8	14	130	38¼	37⅝	37⅞	-¼
26⅛	14⅞	BethStl	.60	2.8		390	21¾	21⅜	21⅝	
54⅝	45	BethSt	pf 5	10		40	48	48	48	+⅛
44¼	14⅛	Bevrly	s.28	.8	24	2152	35¼	34	35	-⅜
28	15⅛	BigThr	.72	2.7	18	311	26⅝	25¼	26½	+⅛
43½	29⅝	Binney	1.28	3.2	12	113	40½	40	40	-⅜
24	12⅛	BlackD	.52	2.6		728	20	19½	19⅞	+¼
22¼	12¼	BlkHP	s1.36	6.9	7	11	19⅝	19⅝	19⅝	-¼
43½	15⅛	BlairJ	s.56	1.3	18	104	42⅞	42¼	42⅞	
48¼	26½	BlckHR	2.08	4.8	13	99	43⅜	42⅞	43⅜	
40	23¼	BlueB	1.80	5.1	11	10	35⅞	35½	35⅝	+⅛
[illegible]										

Continued on Page 15

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Closing prices August 19

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 16

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 14

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 16

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

Indices

NEW YORK — DOW JONES

[illegible]

STANDARD AND POORS

[illegible]

N.Y.S.E. ALL COMMON

[illegible]

MONTREAL

[illegible]

NEW YORK ACTIVE STOCKS

[illegible]

AUSTRIA

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

DENMARK

[illegible]

CANADA

[illegible]

ITALY

[illegible]

NETHERLANDS

[illegible]

NORWAY

[illegible]

AUSTRALIA

[illegible]

SINGAPORE

[illegible]

SWEDEN

[illegible]

SWITZERLAND

[illegible]

FRANCE

[illegible]

GERMANY

[illegible]

HONG KONG

[illegible]

JAPAN

[illegible]

SOUTH AFRICA

[illegible]

SPAIN

[illegible]

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 15

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NEW YORK CLOSING PRICES

Continued from Page 15

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INSURANCE

Lloyd's authorities plan auditing practices reform

BY JOHN MOORE, CITY CORRESPONDENT

A MAJOR reform of auditing practices within the Lloyd's insurance market is being planned by Mr Ian Hay Davison, the chief executive, and the Lloyd's authorities in an effort to contain conflicts of interest within the community and prevent possible abuse.

A group examining accounting procedures and audit practices is expected to produce its report in the next few weeks. The issue is likely to prove one of the most controversial in the current programme of reform.

Only a limited number of accounting firms belong to a Lloyd's panel of auditors. To join that panel an accountant must gain approval from Lloyd's, which has to be satisfied about its suitability. The size and content of the accountant's practice has to be indicated and details furnished as to whether audits are carried out by insurance companies.

When Sir Henry Fisher, the former High Court judge, completed his review of self-regulation in the Lloyd's market three years ago 15 firms of chartered accountants were members of the panel of auditors. Sir Henry observed that "most of Lloyd's audits are actually handled by a rather smaller number of firms." It is this privileged few accountants who have come to audit the affairs of a £3bn insurance market.

In this environment the auditors perform several functions, one of which is the solvency audit required under the Insurance Companies Act of 1974. This is concerned with the need to meet statutory requirements to permit Lloyd's to operate as an underwriting market. Certificates have to be provided for the members of Lloyd's, whose wealth supports the functioning of the market, showing that their available assets are sufficient to meet insurance liabilities.

The other main function is the audit of the accounts of the insurance syndicates; the units into which all Lloyd's members are grouped.

This is an area where Lloyd's has not laid down any mandatory requirements although the audit is concerned with reports to members on the results of the underwriting and investment management carried out on their behalf by the agents and active underwriters operating the syndicates. Syndicate audits are not subject to any rules analagous to those for a limited company.

The syndicate auditors are appointed by the managing agency company responsible for running the syndicate and will often be the same firm as audits the managing agency company itself. The same firm is normally the one which furnishes the statutory solvency certificate.

In certain circumstances the auditor to the broking company—a buyer of insurance—which may own a managing agency company may also be auditor to the managing agency company and the syndicate — the seller of insurance — and carry out the solvency audit as well.

In these circumstances the interests of the managing agency company are not necessarily identical to the interests of the syndicate. A skein of conflicting interests has been formed.

Sir Henry and his working party urged that Lloyd's "should lay down basic accounting standards and that it should be the duty of the syndicate auditors (who will normally be the same firm which furnishes the statutory solvency certificate) to ensure that those standards are followed and that that duty should be discharged to the names in the same way and with the same independence as auditors of a limited liability company discharge their duty to shareholders."

But attempts to bring the market's accounting practices more into line with those prevailing outside and the Fisher recommendations have caused uproar among certain panel auditors with large Lloyd's practices. For instance, Fisher recommended that Lloyd's should consider imposing a limit on the number of syndicates whose accounts can be audited by any one firm of panel auditors and that the number of panel auditors should be increased.

Mr Davison and his team are already considering the possibility of introducing the professional limitation of 15 per cent on the amount of business any one client can represent in a firm's practice. The accountants say that while their total Lloyd's business may represent 15 per cent in the aggregate it is less if the clients are assessed on an individual basis.

A section of the panel auditors is also resisting moves by Lloyd's to present syndicate accounts on a "true and fair" basis. The dichards argue that to make such an assessment is inappropriate since it would require an assessment by the auditor of the reinsurances arranged on outstanding liabilities at the end of each underwriting account. That is something only Lloyd's and insurance professionals can do, not the accounting profession.

So far Mr Davison has attempted to bring in a "fair presentation" criterion on the subject of underwriting agents' disclosure of their business interests.

Any attempt to introduce a "true and fair" basis in auditors' reports for syndicate accounts is likely to meet stiff opposition from a number of panel auditors.

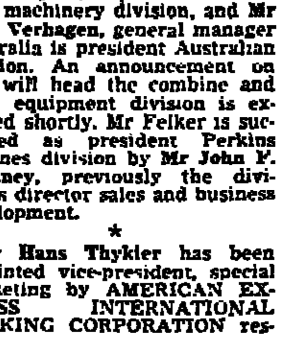
APPOINTMENTS

Massey-Ferguson reorganises

MASSEY-FERGUSON has created four divisions out of the existing farm and industrial machinery division. They are: Tractor and farm equipment division, combine and farm equipment division, industrial machinery division, and the Australian division. Each division will be headed by a president. Mr James M. Felker, president of the Perkins Engines division, becomes president tractors and farm equipment division, Mr John D. Sword, director technical operations Europe and world export, is president industrial machinery division, and Mr Adri Verhagen, general manager Australia is president Australian division. An announcement on who will head the combine and farm equipment division is expected shortly. Mr Felker is succeeded as president Perkins Engines division by Mr John F. Devaney, previously the division's director sales and business development.

*

Mr Hans Thykier has been appointed vice-president, special marketing by AMERICAN EXPRESS INTERNATIONAL BANKING CORPORATION responsible for the Europe, Middle East and Africa region. He is based in London. He was vice-president for public affairs and communication.



Mr Hans Thykier, American Express vice-president

*

Mr W. R. Harrison has been appointed a director of J. HENRY SCHRODER WAGG & CO. He joins from Tricentrol where he was group treasurer and head of corporate finance. He was previously with British National Oil Corp. (now Britoil) and Lehman Brothers Kuhn Loeb.

*

SCICON has appointed three additional directors to the board. They are Mr F. Heap; Dr D. G. B. Horne; and Mr J. J. O'Malley.

*

Mr Richard M. Hartley, video prouducts manager in the international A-V & Video Division of BELL & HOWELL, has been promoted to general manager: engineering, a new post. Mr A. Geil, general marketing manager of BELL & HOWELL A-V, has been elected to the board. He joined the company in 1971.

*

CAR CARE PLAN (SECURITIES DIVISION) has appointed Mr Simon Hinton financial director. Mr Hinton joined Car Care Plan as financial controller in 1980. He succeeds Mr Stephen Leybourne, who has moved within the parent Provident Financial Group to become deputy managing director of Colonnade Insurance Brokers.

*

Mr R. G. Stone has accepted a position as a director of WINCHESTER BOWRING, and the board has appointed Mr J. M. Dowlen and Mr J. E. Sparkes as departmental directors and Mr M. W. Gallafent and Mr S. D. L. Perry as assistant directors.

*

Mr Geoff Corbett, managing director of Wakefield Fortune Travel, is to leave in September to become managing director of AVIS UK operations. Mr Ed Sims, vice-president of organisation and personnel of Wakefield Fortune Travel's parent company, Holland America Line Inc., has been appointed managing director of the travel agency group until a permanent successor is appointed.

*

Mr John Andrew Caldecott has been appointed to the board of BLUE CIRCLE INDUSTRIES as a non-executive director. He is a director of Kleinwort Benson Lonsdale and chairman of the M & G Group.

*

Mr Robert Jensen has been appointed chairman, and Mr Frederick Betts has been appointed managing director, of HOGG ROBINSON THOMSON BETTS, a new subsidiary company of Hogg Robinson Group.

*

The Environment Secretary has appointed Mr Noel Burdett to be the new deputy chairman of the HOUSING CORPORATION from September 1 in succession to Mr Lewis Waddilove who is retiring. Mr Burdett is being reappointed for a further three-year term as a member of the board. Two other members of the board, whose terms also expire on October 31 has been reappointed. They are Mr Colin Shepherd and Mr Clive Thornton. Each will serve for a further three years. Mr David Cochrane joins the board for three years commencing on September 1.

*

Mr John Jeffery has been appointed director of KORN/FERRY INTERNATIONAL'S high technology division. He was director of marketing for EMI Industrial Electronics

*

IVECO (UK) has appointed Mr Mike Smith sales operations director.

*

Mr A. I. Phillips has resigned from the board of BRITISH HOME STORES and will be leaving on August 31. Mr F. H. Lister and Mr N. McArthur join the board.

*

Mr David Mellis has been appointed financial director of MELLINS and a director of Bambers Stores. He joined Mellins as financial controller in January.

*

Professor Ray Curnow, the man who helped develop BBC TV's microcomputer, has become a part-time consultant to Norwich-based computer aided design centre EDENWADE. He is professor of high-technology management at the City University, London.

*

Mr S. D. Goward has been appointed to the board of Brook Control Gear, a HAWKER SIDDELEY company, as director and general manager. Mr J. L. Fleming has been appointed to the board of Crompton Instruments (South East Asia), Singapore, a Hawker Siddeley company, as director and general manager.

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

TO-DAY, AUGUST 22

COMPANY MEETING—
Gresham House, 24 Austin Friars EC, 11.00

BOARD MEETINGS—
Finals:
Boardman (K. O.) Int.
Jos Higgs
Peerless
Resource Technology
Interims:
Coleman Milne
Kean and Scott
Sharpe (W. N.)
Supra
Woodhouse and Rixson

DIVIDEND & INTEREST PAYMENTS—
Brown Dredging 1p
Dom. and Gen. Tst. 4½pcDb 1979-84 2¼pc
Exchequer 12½pc 1994 6¼pc
Homestake Mining 5cts.
May and Hassell 2.5p
Muirhead 2p
Treas. 15pc 1985 7½pc
Treas. 11½pc 1989 5¾pc

TOMORROW, AUGUST 23

COMPANY MEETINGS—
Swan (John), New Mart Road, Georgie, Edinburgh, 4.00
Triplex Foundries, West Bromwich Moat House, Beeches Road, West Bromwich, 12.00

BOARD MEETINGS—
Finals:
Apex Props.
Dura Mill
Smith Whitworth
Stoddard
Interims:
American Tst.
Copydex
De Beers Cons. Mines
Electro-Protective
Fife Indmar
Hongkong and Shanghai Banking
Ingham (George)
Liberty Life Assn. of Africa
LASMO
Parambe
Phoenix Props. and Finance
Rentokil
Standard Chartered Bank
Taylor Woodrow

DIVIDEND & INTEREST PAYMENTS—
Chamberlain Phipps 2.2p
Feedback 1.5p
Eurm Intnl. Invs. A 1987 $48.71
Powell Duffryn 9.55p
Treas. 2½pc 2011 £1.38
Triplex Foundries 0.5p

WEDNESDAY, AUGUST 24

COMPANY MEETINGS—
Arlington Motor, Chartered Accountants Hall, Moorgate Place EC 12.00
Harris (Philip), Penns Hall Hotel, Walmley, Sutton Coldfield, West Midlands, 12.00

BOARD MEETINGS—
Interims:
Blagden Inds.
Charterhouse Pet.
Crouch (Derek)
Hawley
Novo Inds.
Pearl Assurance
Queens Moat House
Rotork
Slough Est.
Tilley Int.

DIVIDEND & INTEREST PAYMENTS—
Bateys of Yorkshire 1.9p
British Ever Ready 6pcLn. 1982-97 3pc
Drayton Far Eastern Tst. 0.4p
Exchequer 2½pc 1987 1¼pc
Kensington and Chelsea Var. Rate 1983 £6.21875
Merrill Lynch 20cts.
Mid-Sussex Water 8pcPf 1986 4p
Royal Bank of Canada 50cts.
Standard Secs. 1p
Trade Devpt. Fin. Services 11986 $48.08

THURSDAY, AUGUST 25

COMPANY MEETINGS—
Delmar, Manor Royal, Crawley, West Sussex, 10.00
Electrical and Gen. Inv., 26, Finsbury Square EC 12.30
Gordon and Gotch, New Gotch House, 32-38, Scrutton St., E.C., 10.30
Hazlewood Foods, Empire Works, Rowditch, Derby, 12.00
Latham (James), Leeside Wharf, Clapton, E., 2.30
Lloyd (F. H.), Albany Hotel Smallbrook Queensway, B'ham., 12.00
London and Manchester Secs., Brittania Hotel, Grosvenor Square, W., 10.00
Monk (A.), Green Lane, Padgate, Warrington, Cheshire, 3.00
Ocean Wilsons, Great Eastern Hotel, Liverpool Street EC, 3.00
Tops Estates, Assoc. Inv. Tst. Companies, Park House 16, Finsbury Circus, E.C., 11.00
Vinten, Angel Hotel, Bury St. Edmunds, 12.00
Whittington Engineering, South Street North, New Whittington, Chesterfield, Derbyshire, 12.00

BOARD MEETINGS—
Finals:
Dale Electric Int.
Marlton Tst.
Moran Tea
New Darien Oil Tst
Zambian Copper Invs.
Interims:
BBA
BSR Int.
Bensons Crisps
Blue Circle Inds.
Britoil
Carpets Int.
Highland and Lowland
Lec Refrigeration
Needlers
Refuge Assurance
Scottish Agricultural Inds.

DIVIDEND & INTEREST PAYMENTS—
Aluminium Co. of America 30cts.
Anglo American Secs. 1.5p
Assoc. Newspapers 4.5p
Baker Intnl. 23cts.
Dawson Intnl. 4.3p
Eaton Cpn. 20cts.
Exchequer 12¼pc 1992 6⅛pc
Exchequer 11¼pc 1986 5⅝pc
Harris (Philip) 4.75p
Ocean Wilsons 2.2p
Ranks Hovis McDougall 8½pcLn. 1990-94 4¼pc. Do. 8½pcLn. 1991-95 4¼pc
Tesoro Pet. 10cts.

FRIDAY AUGUST 26

COMPANY MEETINGS—
Davenport Knitwear, Allen House, Newarke Street, Liverpool, 11.30
Lennons Grp., Lord Daresbury Hotel, Daresbury, Warrington, Cheshire, 12.00
Sagomana Grp., 155, St. Vincent Street, Glasgow, 12.00

BOARD MEETINGS—
Finals:
Highgate and Job
Raybeck
Interims:
Exeter Building and Construction
Martin-Black
Miss World
Wagon Finance
Ward Higgs

DIVIDEND & INTEREST PAYMENTS—
Assoc. Heat Services 5p
Bisichi Tin 0.65p
Capital Reserve Fund 4p
Chubb and Son 4.0034p
Danae Inv. Tst. 2.4p
Delmar Grp. 0.98p
Drayton Japan Tst. 1p
Electric and Gen. Inv. 1.75p
Evans of Leeds 1.375p
Fleming Overseas Inv. Tst. 4p
French (Thomas) 3p

SATURDAY AUGUST 27

DIVIDEND & INTEREST PAYMENTS—
Great Northern Tel. Co. DK54 DK6.48. Do. DK90 DK10.8
Mercury Common Market Tst. 22p

SUNDAY, AUGUST 28

DIVIDEND & INTEREST PAYMENTS—
Electricite de France 12½pcLn 2008 (Rg.) 6¼pc. Do. 12½pcLn. 2008 (Br.) 6¼pc
Liverpool 13pc 1985 6½pc

Austin Rover on four-day week

MORE THAN 250 BL workers at Coventry are on a four-day week, despite the company's car sales boom.

They are victims of a production cut at the Austin Rover engines plant at Radford, Coventry.

A company spokesman said the four-day week, which is in force for an indefinite period, was a result of a build-up of stocks ready for the A-registration sales boom this month.

Sales are expected to drop slightly after the August rush.

CONTRACTS & TENDERS

LEGAL NOTICE

BANQUE DE CREDIT INTERNATIONAL
GENEVE
EN LIQUIDATION CONCORDATAIRE

Selon l'article 260 LP, la Masse offre la cession d'un ensemble d'avoirs, droits et créances relatif à des biens immobiliers sis en Italie, pour le prix de Lit 2,700,000,000 (Lires italiennes deux milliards sept cent millions) à payer le 30 novembre 1983.

L'acceptation, accompagnée d'une garantie bancaire de premier ordre, doit parvenir aux liquidateurs au plus tard le 8 septembre 1983.

Pour tout renseignement complementaire, s'adresser au siège de la banque: 15 Rue Du Jeu de l'Arc, 1207 Genève—téléphone 35 52 75.

Genève, le 6 Août 1983.
LES LIQUIDATEURS.

The following is an unofficial "free" translation of the above official notice.

INTERNATIONAL CREDIT BANK
GENEVA
EN LIQUIDATION CONCORDATAIRE

In accordance with article 260LP, the Body of Creditors offers the assignment of the entire assets, rights and claims relating to the Real Estate situated in Italy, for the sum of It. L. 2,700,000,000 (two thousand seven hundred million Italian Lire) to be paid on 30th November 1983.

The acceptance of this offer accompanied by a first class bank guarantee, should reach the Liquidators at the latest by 8th September 1983.

For all further information, apply to the Head Office of the Bank, 15 Rue du Jeu de l'Arc, 1207, Geneva; telephone 35 52 75.

Geneva, 6th August 1983.
THE LIQUIDATORS.

CLUBS

BOND DRAWINGS

CITY OF BERGEN US$10,000,000 5½%
20 YEAR EXTERNAL LOAN OF 1964

HAMBROS BANK LIMITED hereby gives notice that in accordance with the terms and conditions of the above loan, the redemption for 15th October 1983 has been effected by the purchase of US$81,000 (nominal) and the under-mentioned bonds amounting to US$814,000 (nominal) were drawn on the 9th August 1983 for redemption at par. The outstanding balance after the 15th October 1983 redemption is US$945,000 (nominal).

The drawn bonds may be presented to Hambros Bank Limited, 41 Bishopsgate, London EC2P 2AA or to the other Paying Agents named on the bonds.

Bonds surrendered should have attached all unmatured coupons appurtenant thereto. Coupons due 15th October 1983 should be detached and collected in the usual manner.

For payment in London bonds will be received on any business day and must be left three clear days for examination.

BONDS OF US$1,000

6	7	20	25	32
31	37	42	44	45
46	58	59	60	61
62	81	82	106	107
108	109	130	146	147
148	149	151	164	167
168	169	170	191	192
193	194	196	248	250
251	259	265	267	268
269	310	331	340	343
428	763	765	768	842
849	850	916	999	1019
1043	1044	1091	1119	1120
1121	1122	1124	1125	1126
1127	1129	1130	1131	1132
1133	1134	1137	1138	1143
1146	1147	1148	1149	1156
1157	1158	1181	1391	1571
1584	1881	1901	2006	2007
2149	2150	2151	2154	2155
2166	2167	2169	2171	2175
2176	2199	2303	2379	2381
2382	2395	2431	2439	2441
2446	2452	2530	2532	2662
2713	2714	2715	2728	2921
2938	2940	2942	2944	2952
2994	3027	3035	3067	3108
3118	3143	3145	3158	3159
3161	3162	3170	3171	3226
3227	3228	3229	3230	3231
3232	3376	3389	3396	3398
3406	3407	3408	3471	3487
3488	3490	3537	3573	3574
3575	3576	3637	3638	3639
3656	3704	3776	3788	3809
3813	3815	3828	3829	3830
3935	3974	3980	3987	3988
4006	4018	4108	4110	4115
4116	4121	4123	4133	4134
4135	4140	4141	4144	4145
4153	4155	4156	4295	4300
4304	4307	4308	4309	4572
4582	4583	4584	4586	4591
4592	4596	4705	4793	4811
4813	4819	4827	4829	4830
4841	4846	4847	4850	4851
4852	4853	4854	5059	5061
5098	5174	5205	5207	5208
5211	5222	5267	5364	5377
5380	5382	5383	5384	5400
5401	5402	5403	5405	5518
5521	5524	5526	5527	5528
5611	5613	5614	5615	5651
5694	5695	5696	5723	5756
5769	5822	5824	5935	5953
6132	6133	6228	6229	6231
6385	6389	6390	6395	6438
6453	6471	6472	6474	6475
6478	6480	6508	6512	6522
6524	6525	6527	6528	6542
6543	6545	6579	6582	6585
6588	6596	6597	6598	6602
6672	6673	6674	6675	6676

6680	6681	6705	6736	6764
6765	6835	6844	6845	6847
6849	6869	6895	6899	6974
7000	7002	7003	7004	7005
7007	7010	7012	7013	7014
7019	7074	7143	7157	7158
7167	7214	7215	7217	7221
7319	7320	7321	7322	7324
7326	7327	7329	7330	7332
7333	7335	7336	7337	7341
7342	7345	7346	7347	7348
7351	7352	7355	7356	7359
7363	7365	7366	7368	7369
7375	7377	7385	7386	7388
7394	7395	7397	7419	7423
7426	7427	7428	7432	7439
7442	7449	7454	7455	7493
7494	7497	7530	7532	7533
7534	7554	7555	7561	7562
7568	7569	7570	7571	7573
7574	7587	7592	7595	7623
7624	7627	7654	7656	7657
7667	7675	7676	7677	7678
7679	7680	7683	7685	7686
7697	7698	7713	7726	7729
7752	7770	7771	7772	7773
7774	7775	7776	7783	7784
7785	7786	7787	7792	7793
7795	7807	7821	7823	7845
7848	7849	7857	7858	7865
7867	7910	7914	7919	7921
7922	7926	7964	7965	7966
7967	7968	7971	7972	7974
8012	8027	8045	8047	8051
8054	8088	8089	8091	8092
8093	8094	8097	8105	8218
8286	8288	8441	8445	8447
8451	8452	8455	8459	8461
8463	8465	8476	8477	8482
8484	8485	8486	8487	8488
8493	8494	8497	8501	8507
8509	8515	8522	8529	8540
8561	8574	8575	8595	8596
8600	8614	8617	8618	8621
8622	8623	8630	8632	8633
8634	8703	8718	8720	8722
8735	8738	8739	8742	8745
8747	8754	8769	8774	8775
8776	8778	8779	8780	8781
8783	8790	8824	8826	8827
8828	8884	8886	8887	8888
8969	8970	8971	8973	8975
8977	8978	8979	8980	8983
8984	8985	8986	8987	8988
8989	8991	8993	8994	8995
8996	9003	9010	9011	9015
9024	9029	9030	9031	9032
9034	9038	9040	9049	9050
9051	9057	9062	9063	9074
9076	9077	9082	9083	9084
9085	9097	9101	9102	9103
9105	9106	9108	9110	9111
9114	9121	9129	9130	9131

9132	9133	9143	9162	9164
9165	9167	9173	9174	9175
9176	9179	9181	9182	9183
9184	9186	9188	9191	9192
9193	9194	9209	9229	9231
9232	9234	9236	9260	9272
9273	9274	9279	9306	9310
9311	9312	9313	9315	9319
9320	9394	9401	9431	9432
9433	9435	9448	9450	9451
9452	9454	9456	9458	9459
9460	9462	9474	9476	9479
9482	9483	9490	9495	9496
9497	9499	9500	9501	9502
9505	9516	9517	9531	9538
9539	9544	9547	9548	9552
9569	9570	9586	9591	9596
9613	9614	9615	9628	9629
9632	9633	9634	9635	9636
9637	9639	9641	9642	9643
9644	9645	9647	9652	9653
9654	9655	9656	9657	9658
9659	9660	9662	9663	9664
9666	9667	9672	9673	9674
9676	9681	9683	9685	9690
9691	9709	9715	9734	9741
9742	9746	9794	9795	9804
9809	9811	9812	9815	9819
9829	9832	9834	9855	9859
9868	9870	9874	9875	9876
9887	9888	9894	9896	9897
9898	9911	9914	9916	9925
9928	9929	9930	9931	9936
9951	9953	9955	9957	9958
9968	9970	9972	9973	9974
9975	9976	9991	9992	9993
9996	9998	9999	10000	

The following bonds from previous redemptions are still outstanding for payment:-

Bonds drawn 15th October 1981
1389 8046

Bonds drawn 15th October 1982

165	166	249	254	767
869	1155	2177	2179	2180
2188	2444	3163	3183	3201
3397	3636	3812	3814	3973
3981	3990	4000	4812	5106
5257	5455	5458	5459	5954
5963	6846	6848	6871	7006
7083	7142	7247	7436	7660
7665	7881	8291	8438	8439
8446	8448	8449	8450	8453
8454	8460	8513	8696	8699
8700	8701	8813	8814	9140
9281	9282	9283	9290	9292
9297	9305	9308	9317	9560
9731	9805	9808	9895	

HAMBROS BANK LIMITED
22nd August 1983

COMPANY NOTICES

KOMMUNLANEINSTITUTET AKTIEBOLAG
9½% 1980/1990
UA 8,500,000

On August 8, 1983 Bonds for the amount of UA 850,000 have been drawn in the presence of a Notary Public for redemption on September 25, 1983.

The following Bonds will be redeemable coupon due September 25, 1984 and following attached:
2949 to 3054 incl. 3060 to 3072 incl. 3083 to 3138 incl. 3149 to 3398 incl. 3402 to 3408 incl. 3459 and 3460. 3471 to 3502 incl. 3511 to 3727 incl. 3748 to 3767 incl. 3798 to 3921 incl. 3992 to 4013 incl. 4015.

Amount outstanding: UA 5,950,000.
Luxembourg,
August 22, 1983.

The Fiscal Agent
KREDIETBANK
S.A. Luxembourgeoise

BANQUE NATIONALE DE PARIS
Floating Rate Note Issue of
US$125,000,000
February 1979/91

The rate of interest applicable for the six months period beginning on August 22 1983 and set by the reference agent it 10$\frac{11}{16}$% annually.

BANQUE NATIONALE DE PARIS
Floating Rate Note Issue of
US$75,000,000
February 1978/1984

The rate of interest applicable for the six month period beginning August 22 1983 and set by the reference agent is 10$\frac{11}{16}$% annually.

PERSONAL

CLASSIFIED ADVERTISEMENT RATES

	Per line Minimum 3 lines	Single column cm Minimum 3cms
Commercial and Industrial Property	8.50	30.00
Residential Property	6.50	22.00
Appointments	9.00	31.50
Business, Investment Opportunities, Business for Sale/Wanted	8.50	30.00
Personal	6.50	22.00
Motor Cars	6.50	22.00
Hotels and Travel	6.50	22.00
Contracts and Tenders	8.50	30.00
Book Publishers	—	net 14.00

Premium positions available
(Minimum size 30 column cms)
£6.00 per single column cm extra

For further details write to:
Classified Advertisement Manager
Financial Times, 10 Cannon Street, EC4P 4BY

Authorised Units—continued

Offshore and Overseas—continued

Insurances—continued

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

INSURANCE & OVERSEAS MANAGED FUNDS

Barclays Life Assur. Co. Ltd.—cont.

[illegible]

Black Horse Life Ass. Co. Ltd.

71, Lombard St., EC3. 01-623 1288

[illegible]

British National Life Assurance Co. Ltd.

Haywards Heath. 0444 414111

[illegible]

Canada Life Group

2-6, High St., Potters Bar, Herts. P. Bar 51122

[illegible]

G.T. Management Ltd.

[illegible]

Assicurazioni GENERALI S.p.A.

[illegible]

General Portfolio Life Ins. C. Ltd.

Crossbrook St., Cheshunt, Herts. Waltham X 31971

[illegible]

Growth & Sec. Life Ass. Soc. Ltd.

[illegible]

Guardian Royal Exchange

Royal Exchange, E.C.3. 01-283 7101

[illegible]

[illegible]

OFFSHORE AND OVERSEAS

[illegible]

Pacific Basin Fund

10a Boulevard Royal, Luxembourg.

NAV	$17.49	—	-0.01	—

Inv. Adv.: M. & G. Inv. Mngt., Ltd., London.

Perpetual U.T. Mgrs (Jersey) Ltd.

See adjacent Page Mon.-Fri. and Stock Exchange Dealings Page Sat.

Phoenix International

PO Box 77, St. Peter Port, Guern. 0481 26741

Inter-Dollar Fund	$4.32	4.65	.....	—
Far East Fund	$5.48	[illegible]	.....	—
Intl. Currency Fund	$1.67	1.81	.....	—
Dollar Fxd. Int. Fund	$3.48	3.75	.....	—
Ster. Exempt Gilt Fd.	£2.14	2.32	.....	—

Providence Capital International Ltd.

PO Box 121, St Peter Port, Guernsey 0481 26726/9

UK Stockmarket	£1.407	1.514	.....	—
Intl. Stockmarket	$1.035	1.114	.....	—
World Technology	$1.196	1.287	.....	—
N. Am. Stockmarket	$1.221	1.313	.....	—
Far East	$0.996	1.073	.....	—
UK Fixed Interest	£1.288	1.383	.....	—
Intl. Fixed Int.	$0.996	1.072	.....	—
Intl. Currency	$1.009	1.088	.....	—
Intl. Money Market	$1.058	1.139	.....	—
U.K. Money Market	£1.028	1.106	.....	—
Stlg. Mangd. Fd.	£1.140	1.221	.....	—
Dollar Mangd. Fd.	$1.092	1.175	.....	—

Savings Target Rate [illegible].

Prices on August 17. Next dealing August 24.

Far Quest Fund Man. (Jersey)

see Royal Trust Intl. Mngt.

Westavon Secs (Guernsey) Ltd

PO Box 214, St Peter Port, Guernsey 0481 27768

Gilt & Option Fd	£1.10	1.16	.....	—
US $ Option	$0.96	1.01	.....	—

World Wide Growth Management♦

10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$13.45	-0.01	—

Inv. Adv.: M. & G. Inv. Mngt., Ltd., London.

Wren Commodity Management Ltd.

10, St. George's St., Douglas IoM 0624 25015

Wren Com. Fund	28.3	29.4	.....	—
Chinese Fund	70.4	73.3	.....	—
Precious Metal Fund	128.0	133.3	.....	—
Vanguard Cmdy. Fd.	39.5	40.5	.....	—
Financial Futures Fd.	80.1	83.4	.....	—
Wren Intl. Fnd.*	$0.784	0.817	.....	—

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. § Yield column shows annualised rate of NAV increase.

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
22May	22N	Exch. 13½pc '83	100¾	15.4	13.40	9.39
12Jun	12D	Exch. 10pc 1983	100	6.5	10.00	9.76
15Jul	15Ja	Funding 5½pc '82-84‡‡	98⅝	8.6	5.58	8.94
20Aug	20F	Exch. 11¼pc 1984	100⅝xd	14.1	11.18	9.84
22N	22May	Exchequer 14pc. 1984	102¼	15.4	13.69	10.63
19O	19Jun	Exch. 3pc 1984	94⅝	13.5	3.17	9.79
26Mar	26S	Treasury 12pc 1984	101⅛	17.2	11.86	10.78
22Aug	22F	Treasury 15pc 1985	105¾xd	14.2	14.25	11.11

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

1J	1D	Aust. 6pc 1981-83	100	29.4	6.88	10.23
1Ja	1J	N.Z. 7½pc 1988-92	77¼xd	1.6	9.50	11.57
15D	15J	Do. 7½pc '83-86	90¼xd	16.5	8.43	12.19
—		S. Rhod. 2½pc Non-Ass.	181	—	—	—
10Mar	10Sept	Do. 3½pc 80-85 Asstd.	83	10.2	4.38	14.00
7F	7A	Do. 4½pc 87-92 Asstd.	55	7.1	8.19	13.60
15D	15A	Zimbabwe Ann (£100pa)	395	15.3	—	13.70

LOANS

Public Board and Ind.

1Ja	1J	Agric. Mt. 5pc '59-89	73xd	1.6	6.91	11.59
1M	1S	Met. Wtr. 3pc 'B'	33½	1.2	8.91	11.70

LOANS—Continued

Financial

Building Societies

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS, H.P. & LEASING

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's	P/E
Jan.	July	ANZ $A1	263	6.6	Q28c	3.1	6.1	5.3
Feb.	Aug.	Alexanders D. £1	235xd	15.8	20.0	—	12.2	—
May	Aug.	Algemene Fl.100	£90	17.8	vQ26%	1.8	6.6	8.4
Dec.	June	Allied Irish	157	6.6	Q49%	4.2	6.1	5.3
July		Ansbacher (H.) 50p	89	18.7	3.5	—	5.6	—
July	Jan	Bk. Ireland £1	275	23.5	brQ24.9	—	7.1	—
May	Nov.	Bank Leumi	1½	18.5	—	—	—	—
Aug.	Feb.	Bk.Leumi (UK)£1	150xd	15.8	10.15	—	9.7	—

BANKS—Continued

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued.

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

INSURANCES

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

MINES—Continued

Central African

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Yld Gr's
Nov.	May	Falcon Rh.50c	220	1.5	Q70c	4.2	24.9
Nov.	May	Wankie Col. Z$1	23	25.4	Q5c	0.7	12.8
—		Zam.Cpr.SBD0.24	19	980	—	—	—

Australians

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Yld Gr's
—		♦ACM 20c	18	—	—	—	—
—		Allstate Expln NL	40	—	—	—	—
—		Balmoral Resources	18	—	—	—	—
—		♦Black Hill Mins	49	—	—	—	—
—		♦Bond Corp	61	—	Q010c	2.3	10.0
Nov.	Apr.	♦Bougainville 1 Kina	176	11.3	Q3.42c	1.2	1.2
May	Nov	♦CRA 50c	343	21.3	tQ3c	—	0.5
—		♦Carr Boyd 20c	89	—	—	—	—

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

NOTES

[illegible] figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or other official estimates for 1982-83. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.
Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv. 20p	64	+2
Bog'wtr. Est. 50p	270	......
Craig & Rose £1	£11½	......
Finlay Pkg. 5p	37	......
Graig Ship. £1	22	......
Higsons Brew	85	......
Holt (Jos) 25p	410	......
I.O.M. Stm. £1	122	......
Pearce (C. H.)	509	......

IRISH

Nat. 9¾% 84/89	£86½	......
Fin. 13% 97/02	£101	......
Alliance Gas	90	......
Arnott	210	+5
Carroll (P.J.)	110	......
Concrete Prods.	72	......
Helton (Hldgs.)	16	......
Irish Ropes	32	......
Jacob	82	......
T.M.G.	60	......
Unidare	72xd	......

OPTIONS

3-month Call Rates

[illegible]

"Recent Issues" and "Rights" Page 10

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Gambling on the money supply

BY COLIN MILLHAM

THE DOLLAR'S value on the foreign exchanges is totally dominated by weekly variations in U.S. M1 money supply, and this has made the market into even more of a speculative medium than usual.

Gambling on bad figures—that is large rises, taking M1 well above the Federal Reserve's target range—would certainly have paid dividends over the last few months, despite the protestations of various U.S. officials that large distortions in M1 did not necessarily mean higher interest rates, providing M2 and M3 remained under reasonable control.

But even if the market believes there is not much mileage left in the upward path of interest rates, it is not convinced rates can be reduced substantially, and this leaves a very large differential between the levels ruling in New York and Frankfurt.

Early last week the picture changed somewhat, however, following one week of better-than-expected M1 figures, followed by speculation that the following weeks would bring much slower growth, taking the upward pressure off rates. It then was no longer a situation where buying dollars brought inevitable profit, but the alarming prospect of possibly being caught with long dollar positions at a time when the currency had peaked. This resulted in considerable book squaring in the latter part of the week.

There have been several occasions in the fairly recent past when the dollar had apparently reached its peak, only to advance further as the market showed a disturbed reaction to another bad set of money supply figures.

At the moment most analysts are looking for a weaker dollar, suggesting that only the attractive relationship between U.S. interest rates and inflation has kept the currency so firm. On this basis the dollar should fall as a new era of the trade cycle is entered, but is this the time?

It may be, but finding the right currency analyst at the moment is similar to finding the winner of the Grand National.

According to Reuter a survey of M1 forecasts for Friday ranged between a fall of $2.7bn and an increase of $1.3bn.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU August 19	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9008	45.6892	+1.76	+1.04	±1.5447
Danish Krone ...	8.14104	8.21153	+0.87	+0.15	±1.6425
German D-Mark	2.24184	2.27974	+1.69	+0.97	±1.0642
French Franc ...	6.87456	6.85510	−0.28	−1.00	±1.4052
Dutch Guilder ...	2.52595	2.55042	+0.97	+0.25	±1.4964
Irish Punt	0.72569	0.722033	−0.50	−1.22	±1.6699
Italian Lira	1403.49	1359.00	−3.17	−3.17	±4.1505

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

OTHER CURRENCIES

Aug. 19	£	$		£ Note Rates
Argentina Peso...	16.30-16.40	10.749-10.769	Austria............	28.20-28.50
Australia Dollar..	1.7165-1.7185	1.1316-1.1320	Belgium	80.70-81.50
Brazil Cruzeiro...	993.75-996.75	654.00-657.00	Denmark	14.44-14.58
Finland Markka..	8.6120-8.6385	5.6790-5.6820	France	12.05-12.17
Greek Drachma..	136.70-137.30	90.00-90.20	Germany...........	4.00½-4.04½
Hong Kong Dollar	11.27-11.30	7.44-7.46	Italy	2370-2410
Iran Rial..........	131.90*	87.40*	Japan...........	369-374
Kuwait Dinar (KD)	0.443-0.444	0.2920-0.2921	Netherlands......	4.48-4.52
Luxembourg Fr..	80.70-80.80	53.20-53.22	Norway	11.22-11.32
Malaysia Dollar..	3.5450-3.5600	2.3400-2.3420	Portugal...........	181-200
New Zealand Dlr.	2.3145-2.3195	1.5256-1.5280	Spain...........	219¼-234¼
Saudi Arab. Riyal	5.2795-5.2880	3.4780-3.4810	Sweden...........	11.82-11.92
Singapore Dollar	3.2260-3.2400	2.1295-2.1315	Switzerland	3.25½-3.28½
Sth. African Rand	1.6980-1.6990	1.1185-1.1190	United States.....	1.50¾-1.52¾
U.A.E. Dirham...	5.5740-5.5795	3.6720-3.6730	Yugoslavia........	166-177

*Selling rates.

FORWARD RATES AGAINST STERLING

	Spot	1 month	3 month	6 month	12 month
Dollar	1.5180	1.51725	1.51645	1.51355	1.5110
D-Mark	4.0350	4.02	3.9915	3.949	3.8704
French Franc	12.12	12.1620	12.279	12.4975	12.8945
Swiss Franc	3.2750	3.2605	3.2320	3.1890	3.1060
Japanese Yen	370.50	369.40	367.60	364.30	358.10

BANK OF ENGLAND TREASURY BILL TENDER

	Aug. 19	Aug. 12		Aug. 19	Aug. 12
Bills on offer........	£100m	£100m	Top accepted rate of discount.	9.3456%	—
Total of applications.....	£329.68m	£300m	Average rate of discount	9.3291%	9.3776%
Total allocated....	£100m	£100m	Average yield..	9.55%	—
Minimum accepted bid....	£97.67	£97.655	Amount on offer at next tender ...	£100m	£100m
Allotment at minimum level..	81%	8%			

CURRENCY MOVEMENTS

Aug. 19	Bank of England Index	Morgan Guaranty Change %
Sterling............	85.7	−35.4
U.S. dollar...........	128.2	+15.7
Canadian dollar....	92.4	−16.9
Austrian schilling.	116.8	+29.1
Belgian franc	91.5	−3.3
Danish kroner	79.7	−13.5
Deutsche mark......	[illegible]	[illegible]
Swiss franc	[illegible]	[illegible]
Guilder	[illegible]	[illegible]
French franc	[illegible]	[illegible]
Lira	[illegible]	[illegible]
Yen	[illegible]	[illegible]

Based on trade weighted changes from Washington agreement December 1971. Bank of England index (base average 1975=100).

CURRENCY RATES

AUG. 19	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.693786	0.565173
U.S. $	8½	1.05400	0.858497
Canadian $	9.57	*	1.05973
Austria Sch	3¾	19.6392	16.0024
Belgian F ...	9	55.9911	45.6892
Danish Kr. ..	7½	10.0683	8.21153
D mark ..	4	2.79278	2.27974
Guilder	[illegible]	[illegible]	[illegible]
French F	[illegible]	[illegible]	[illegible]
Lira	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]
Norwgn Kr.	[illegible]	[illegible]	[illegible]
Spanish Pta.	[illegible]	[illegible]	[illegible]
Swedish Kr	[illegible]	[illegible]	[illegible]
Swiss Fr.	[illegible]	[illegible]	[illegible]
Greek Dr'ch	[illegible]	[illegible]	[illegible]

*CS/SDR rate for Aug 19 1.30341.

THE POUND SPOT AND FORWARD

Aug. 19	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canada	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nethlnd.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belgium	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ireland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
W. Ger.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Portugal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spain	227.50-229.00	227.70-227.90	390-470c dis	−22.65	1190-1510dis	−23.70
Italy	2,394-2,407	2,400½-2,402½	15⅜-17⅞lire dis	−8.37	46½-50½ dis	−8.08
Norway	11.26-11.33	11.27½-11.28½	2⅞-3⅜ore dis	−3.32	8½-9⅜ dis	−3.23
France	12.09-12.17	12.11½-12.12½	3¾-4⅞c dis	−4.21	15⅜-17¼ dis	−5.36
Sweden	11.87-11.94	11.88-11.89	1⅜-2⅞ore dis	−1.86	3⅜-4⅜ dis	−1.41
Japan	369-372	370-371	1.10-0.90y pm	3.24	3.00-2.80 pm	3.13
Austria	28.25-28.50	28.32-28.37	9⅜-8gro pm	3.76	28½-23½ pm	3.67
Switz.	3.26-3.29	3.27-3.28	1⅝-1¼c pm	5.50	4½-4 pm	5.19

Belgian rate is for convertible francs. Financial franc 81.25-81.35.
Six-month forward dollar 0.42-0.47c dis. 12-month 0.65-0.75c dis.

THE DOLLAR SPOT AND FORWARD

Aug. 19	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ireland†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canada	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nethlnd.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belgium	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
W. Ger.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Portugal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spain	150.00-150.50	150.35-150.45	190-240c dis	−17.17	700-850dis	−20.63
Italy	1,578-1,583	1,582-1,583	9½-10lire dis	−7.40	28½-30 dis	−7.40
Norway	7.4180-7.4375	7.4250-7.4300	1.60-1.90ore dis	−2.82	4.65-4.95dis	−2.58
France	7.9650-8.0050	7.9850-7.9900	2.20-2.40c dis	−3.45	9.00-9.50dis	−4.63
Sweden	7.8200-7.8300	7.8240-7.8290	0.75-0.95ore dis	−1.30	1.60-1.80dis	−0.87
Japan	243.25-244.35	243.75-243.85	0.83-0.73y pm	3.84	2.28-2.18 pm	3.65
Austria	18.63-18.69	18.68-18.69	7.30-6.50gro pm	4.44	21.75-19.25pm	4.39
Switz.	2.1500-2.1590	2.1555-2.1565	1.08-1.03c pm	5.88	3.18-3.13 pm	5.86

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

Belgian rate is for convertible francs. Financial franc 53.55-53.60.

EXCHANGE CROSS RATES

Aug. 19	Pound St'rling	U.S. Dollar	Deutschem'k	JapaneseYen	FrenchFranc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1	1.518	4.035	370.5	12.12	3.275	4.510	2402.	1.874	80.75
U.S. Dollar	0.659	1.	2.658	244.1	7.984	2.157	2.971	1582.	1.234	53.19
Deutschmark	0.248	0.376	1.	91.82	3.004	0.812	1.118	595.2	0.464	20.01
Japanese Yen 1.000	2.699	4.097	10.89	1000.	32.71	8.839	12.17	6482.	5.057	217.9
French Franc 10	0.825	1.252	3.329	305.7	10.	2.702	3.721	1981.	1.546	66.63
Swiss Franc	0.306	0.464	1.232	113.1	3.701	1.	1.377	733.3	0.572	24.66
Dutch Guilder	0.222	0.337	0.895	82.15	2.687	0.726	1.	532.5	0.415	17.90
Italian Lira 1,000	0.416	0.632	1.680	154.3	5.047	1.364	1.878	1000.	0.780	33.62
Canadian Dollar	0.534	0.810	2.154	197.8	6.469	1.748	2.407	1282.	1.	43.10
Belgian Franc 100	1.238	1.880	4.997	458.8	15.01	4.056	5.585	2974.	2.320	100.

FINANCIAL FUTURES

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]

Volume 2,442 (1,973)
Previous day's open int. 6,585 (6,567)

THREE-MONTH STERLING DEPOSIT £250,000 points of 100%

20-YEAR NOTIONAL GILT £50,000 32nds of 100%

STERLING £25,000 $ per £

DEUTSCHE MARKS DM 125,000 $ per DM

SWISS FRANCS SwFr 125,000 $ per SwFr

JAPANESE YEN Y12.5m $ per Y100

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

U.S. TREASURY BILLS (IMM) $1m points of 100%

CERT. DEPOSIT (IMM) $1m points of 100%

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

STERLING (IMM) Se per £

GNMA (CBT) 8% $100,000 32nds of 100%

WEEKLY CHANGE IN WORLD INTEREST RATES

	Aug. 19	change		Aug. 19	change
LONDON			NEW YORK		
Base rates	9½	Unch'd	Prime rates	11	Unch'd
7 day interbank	9½	+¼	Federal funds	9⅝	−¼
3 mth interbank	9⅞	+⅛	3 Mth. Treasury Bills	9.29	−0.19
Treasury Bill Tender	9.3291	−0.0484	6 Mth. Treasury Bills	9.42	−0.25
Band 1 Bills	9⅜	Unch'd	3 Mth. CD	9.70	—
Band 2 Bills	9⅜	Unch'd	FRANKFURT		
Band 3 Bills	9⅜	Unch'd	Lombard	5.00	Unch'd
Band 4 Bills	[illegible]	[illegible]	One Mth. Interbank	5.35	+0.30
3 Mth. Treasury Bills	9⅜	[illegible]	Three month	5.60	−0.02
1 Mth. Bank Bills	9½	[illegible]	PARIS		
3 Mth. Bank Bills	9½	[illegible]	Intervention Rate	12.25	Unch'd
TOKYO			One Mth. Interbank	12.875	Unch'd
One month Bills	6.71875	+0.1525	Three month	12.375	−0.1875
Three month Bills	6.71875	Unch'd	MILAN		
BRUSSELS			One month	17¼	−⅛
One month	9.625	−0.0625	Three month	17⅛	+⅛
Three month	9.0625	−0.0625	DUBLIN		
AMSTERDAM			One month	13⅛	—
One month	6⅛	+⅛	Three month	13⅜	—
Three month	6⅛	+⅛			

London—band 1 bills mature in up to 14 days, band 2 bills 15 to 33 days, and band 3 bills 34 to 63 days. Rates quoted represent Bank of England buying or selling rates with the money market. In other centres rates are generally deposit rates in the domestic money market and their respective changes during the week. Band 4 bills 5⅜.

MONEY MARKETS

Fine tuning the rules

Discount houses have gained an unfair advantage from the sharp rise in numbers of eligible banks in London since the present rules on monetary control were introduced two years ago. This has led to a large increase in the eligible liabilities of the banking sector, and a rise in the amount of money, known as "club money" available to the houses at less than prevailing market rates.

This was the arguement of the banks, particularly the clearers, who are not always the greatest admirers of the discount houses, and although the houses would hardly agree with the suggestion of unfair advantage, the authorities have decided to modify the rules.

In future the houses will lose some £800m to £1bn a day in "club money," on combined books of about £5bn, and are therefore faced with the prospect of dearer funding through the interbank market or running smaller books.

Since August 1981 the number of eligible banks has more than doubled, and these have been required to deposit 6 per cent of eligible liabilities with the houses. This has not meant more than twice as much cheap money to the houses, because many of these banks are relatively small, but in cutting the eligible liabilities figure to 5 per cent and reducing the minimum proportion of liabilities deposited with the houses, the Bank of England hopes to offer relief to the banks and ensure that any daily shortage remains with thehouses, where it can simply be bought out by official intervention.

It may also lead to a slight improvement in the sterling M3 money supply figures if banks are able to issue less paper in the form of certificates of deposit, butalso poses an interesting question about the slight rise in Bank of England dealing rates for some long dated (band 4) bank bills earlier this month.

It was assumed at the time that the increase represented the desire of the houses to shed long dated paper through fears of higher interest rates because of money supply trends on both sides of the Atlantic, plus rising U.S. interest rates. But itnow seems possible that houses were shortening their books ahead of the modified rules, in the knowledge that the supply of attractive money would not be as plentiful in future.

LONDON MONEY RATES

Aug. 19 1983	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight......	—	8½-10½	8-11	—	—	9½-10½	8-9¼	—	—	—
2 days notice .	—	—	9¼-9½	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	9⅝-9⅞	—	—	—	—
7 days notice ..	—	9⅜-9⅝	9½	—	—	9⅝-9⅞	9¼-9½	—	—	—
One month......	[illegible]	9⅝-9⅝	9½	10⅛-9¾	9½	9⅞-10	9-9¼	9½	9½	10⅛
Two months ...	[illegible]	[illegible]	9⅝	10⅛-9¾	[illegible]	10⅛	9⅝	[illegible]	[illegible]	10[illegible]
Three months.	[illegible]	[illegible]	9¾	10¼-9⅞	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]
Six months	10[illegible]	10⅛-10¼	10-10⅛	[illegible]	[illegible]	—	—	—	—	[illegible]
Nine months ...	10¼-10⅛	[illegible]	10½	[illegible]	[illegible]	—	—	—	—	—
One year	[illegible]	10½-10⅝	10½	[illegible]	[illegible]	—	—	—	—	—
Two years......	—	—	11⅝	—	—	—	—	—	—	—

ECGD Fixed Rate Export Scheme IV. Average Rate for interest period July 6 to August 2 1983 (inclusive) 9.989 per cent.

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 11½ per cent; four years 11¾ per cent; five years 11⅞ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rate for four months bank bills [illegible] per cent; four months trade bills 10¼ per cent.

Approximate selling rate for one month Treasury bills 9⅝ per cent; two months [illegible] per cent and three months 9⅝-9⅞ per cent. Approximate selling rate for one month bank bills [illegible] per cent; two months [illegible] per cent and three months 9¾ per cent; trade bills 9⅞ per cent; two months [illegible] per cent and three months [illegible] per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 10 per cent from August 1, 1983. London and Scottish Clearing Bank Rates for lending 9½ per cent. London Deposit Rates for sums at seven days' notice 6 per cent.

Treasury Bills: Average tender rates of discount 9.3291 per cent. Certificates of Tax Deposit (Series 6). Deposits of £100,000 and over held under one month 9½ per cent; one-three months [illegible] per cent; three-six months 10 per cent; six-12 months 10½ per cent. Under £100,000 9¼ per cent from July 20. Deposits held under Series 4-5 9⅜ per cent. The rates for all deposits withdrawn for cash 8 per cent.

INTEREST RATES

EURO-CURRENCY INTEREST RATES (Market closing rates)

Aug. 19	Short term	7 days notice	Month	Three Months	Six Months	One Year
Sterling........	9½-9⅝	9¼-9½	9⅝-9⅞	9¾-9⅞	10⅛-10¼	10⅜-10½
U.S. Dollar....	9½-9¾	9⅝-9⅞	9⅞-9⅞	10⅛-10⅜	10½-10¾	10¾-11
Can. Dollar....	8½-9¼	8½-9	8⅞-9¼	9¼-9½	9¾-10	10⅛-10⅜
D. Guilder....	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
S. Franc.....	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Deutschmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
French Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italian Lira	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belg. Franc Conv.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fin.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D. Krone	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asia $ (Sing.)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FT LONDON INTERBANK FIXING

11.00 a.m. AUGUST 19

3 month U.S. dollars		6 month U.S. dollars	
bid 10 5/16	offer 10 5/16	bid 10 3/16	offer 10 11/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Prime rate	11
Fed funds (lunch-time)	9½-9⅝
Treasury bills (13-week)	9.29
Treasury bills (26-week)	9.43

GERMANY

Lombard	5.0
Overnight rate	5.025
One month	5.35
Three months	5.55
Six months	6.00

FRANCE

Intervention rate	12.25
Overnight rate	12.875
One month	12.875
Three months	12.375
Six months	12.50

JAPAN

Discount rate	5.5
Call (unconditional)	6.09375
Bill discount (3-month)	6.71875

SWITZERLAND

Discount rate	[illegible]
Overnight rate	[illegible]
One month	[illegible]
Three months	[illegible]

NETHERLANDS

Discount rate	[illegible]
Overnight rate	[illegible]
One month	[illegible]
Three months	[illegible]
Six months	[illegible]

$ CERTIFICATES OF DEPOSIT

One month	9.65-9.75
Three months	9.85-9.95
Six months	10.20-10.30
One year	10.50-10.60

LONG TERM EURO $

Two years	11¾-12
Three years	12-12¼
Four years	[illegible]
Five years	[illegible]

SDR LINKED DEPOSITS

One month	[illegible]
Three months	[illegible]
Six months	[illegible]
One year	[illegible]

ECU LINKED DEPOSITS

One month	[illegible]
Three months	[illegible]
Six months	[illegible]
One year	[illegible]